

2014/15

KNYSNA LOCAL MUNICIPALITY

ANNUAL REPORT

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ANNUAL REPORT



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CHAPTER 1 – EXECUTIVE MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR’S FOREWORD

MAYOR’S FOREWORD

a. Vision:

With the advent of the newly elected Council in 2011 Knysna Municipality developed a new vision: “Where people and nature prosper” as part of the adopted 2012-2016 Integrated Development Plan. The vision focuses on creating a home for our communities that is sustainable, resilient and well-serviced, whilst ensuring that we protect and preserve our pristine natural environment.

b. Key Policy Developments:

After consultation with our communities and stakeholders the Municipality identified the most critical issues and risks that need to be addressed should the organisation wish to survive the challenges of the years ahead, and continue to function effectively, efficiently and economically. From these inputs the Municipality developed seven strategic objectives which were approved by Council in May 2012. These are:

- To develop progressive strategies to optimize the use of available human resources
- To ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery
- To facilitate real opportunities for youth, women, and disabled and appropriate care for the aged
- Ensuring effective and efficient government.
- To ensure ecological integrity through sustainable practices of municipal governance
- To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment
- To create an enabling environment for economic growth that attracts investors, encourages innovation and facilitates pro-poor interventions

These strategic objectives are aligned to the Provincial Growth and Development Strategy and the National Development Plan, the National Spatial Development Perspective; and the National Key Performance Areas.

The Integrated Strategic Development Framework will build further on the work of the IDP, having a longer term horizon.

c. Key Service Delivery Improvements:

Some of the key service delivery improvements and achievements for the past year include:

- In collaboration with emerging contractors we delivered 194 housing opportunities.
- A third clean audit.
- Year on year the spend on road upgrades and repairs has increased and for the year under review we spent R13.7 million and the year before that over R7 million was spent on road upgrades and repairs.
- Over the past four years we have spent over R5 million on new sidewalks using labour intensive methods.
- We have two pilot Blue Flag beaches at Buffalo Bay and Brenton on Sea, and a pilot beach at Swartvlei. These Islands has also been proclaimed a Blue Marina
- Our water losses for the last year was 14.6%, well below the national target of 20%, and we strive to improve this continually.
- The completion of a Multi-purpose Centre in Sizamile-Smutsville.

d. Public Participation:

In March 2015 the Municipality hosted a Ward Summit for all the wards. The Provincial Department of Local Government declared this successful event a best practice. The organisation relies on the Ward Committees to identify and prioritise needs and projects within the ten wards. As there are some sectors and associations which are not on the Ward Committees the IDP Forum serves to solicit additional inputs. The Municipality also relies on the Audit Committee and the Municipal Public Accounts Committee. Furthermore Council communicates via the various Portfolio Committees; media releases and communiqués; Council newsletters; and social media

e. Future Actions:

Over the next few years the Municipality will continue to strive to improve the daily lives of our residents. Projects identified for the medium term include:

- Development of a new Waste site at Noetzie.
- The upgrade of the Sedgefield Wastewater Treatment Works.
- Continue the upgrading and development of Oupad.
- The Minister of Finance has issued mSCOA Regulations to be effective for the 2016/17 financial year. Knysna Municipality was declared as a Pilot Site by National Treasury. Before-mentioned implies that the Standard Chart of Accounts for Knysna municipality must be in place for the 2016/17 financial year.
- The process to establish the municipal court is well under way. The court will assist in bringing by-law and other municipal legislation offenders to justice.

f. Agreements / Partnerships:

The Municipality has engaged in a number of agreements to assist with the delivery of services. These include a housing development in Hornlee with ABSA Devco and the broadband installation with Lasernet. We have also gone into partnership with residents associations, such as the Buffalo Bay

Residents Association for the development of a dune protection system, and the affected residents assisted in the upgrade of the Welbedacht Road.

g. Conclusion:

Local Government is at the coal-face of service delivery. Irrespective of its mandate, Local Government is seen as the representative for National and Provincial Government. I am acutely aware of this responsibility and the Municipality will continuously strive to collaborate and co-ordinate efforts to ensure cohesive and sustained service delivery.

h. In conclusion:

I wish to thank our ward committees, communities, partners and stakeholders for their participation and support during the past financial year. May we build on our strengths and collectively address the challenges in order for Knysna Municipality to be *“a place where people and nature prosper”*.

I would like to thank the Municipal Manager and his Directors for the professional leadership they are providing. With the dedicated assistance of the municipal staff we were able to attain the performance stated in this annual report.

CLLR: G R WOLMARANS
EXECUTIVE MAYOR

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COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

In reflecting on the 2014/2015 financial year, I am pleased to report that the Knysna Municipality has performed well in relation to service delivery, governance and financial management. I am extremely proud of the clean audit status retained for the third consecutive year.

The total revenue per the Annual Financial Statements for the 2014/2015 financial year was R683 847 430 with a budget of R668 629 740. The Municipality managed to achieve 69% spend on its capital budget and 98% on the operational budget.

In the 2014/2015 financial year the municipality drew down R10 617 814 of existing loans to fund capital infrastructure projects. Borrowings per annum are determined at the capital budget and IDP phase in order to stay within the gearing ratio norm.

The past year offered some unique challenges, especially on the financial front, with the municipality (like all other local authorities) suffering the continued effects of the global economic crisis. In an attempt to ensure compliance and to minimise a budgeted deficit, the purpose of the strategy, as entailed in 2012-2017 IDP, is to keep the municipality financially sustainable. There are no quick fixes to eradicate the impact of the GRAP requirements and conditions, and the functional challenges are exacerbated by the Standard Chart of Accounts, but by executing the IDP within the budget the organisation will deliver the necessary results.

The years ahead will require innovation and strategic thinking by the municipality, something to which we pride ourselves on. We have already identified and documented our most crucial risks, and are busy implementing a risk-based audit plan.

Despite all, we were fortunate that we could continue to render high quality services to our residents during the past year. We will continue doing so, despite the challenges we face. The service standards set in the Customer Services Charter will remain one of the instruments whereby we will measure our performance.

The next year will see the Local Government elections and the 2016/2017 year will herald a new Council, a new five year Integrated Development Plan and newly –aligned budget. The effect of the newly designed wards, as per the Municipal Demarcation Board are as follows:

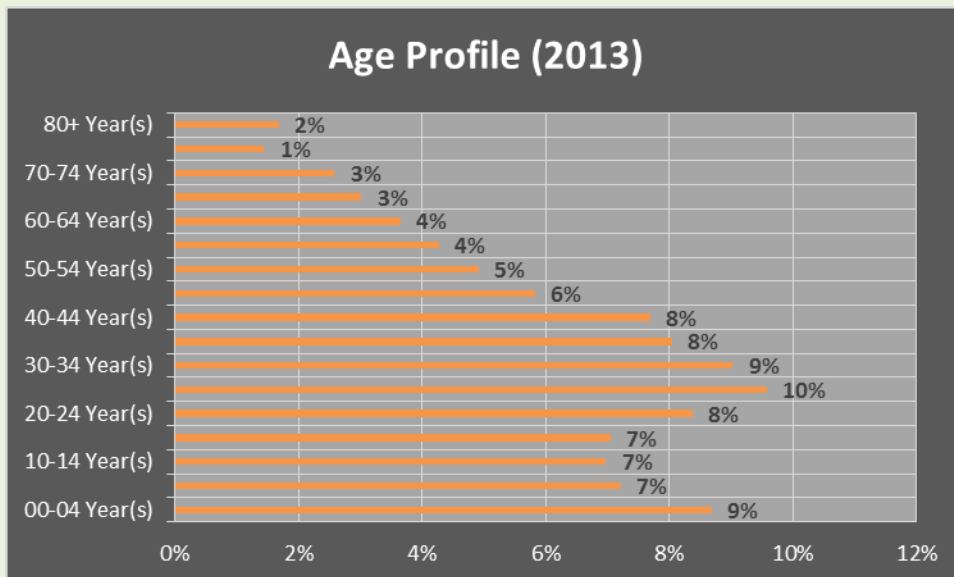
- The Board has determined that there should be an additional ward given the increase in population size; and
- Hornlee has been consolidated into one single ward, as opposed to being split over three wards.

As this annual report reflects on the Knysna Municipality's performance and challenges for the 2014/2015 financial year, I once again extend my sincere appreciation to all staff, the Executive Mayor and Council as the body corporate for their dedication and contribution to deliver on our Vision: *"Where people and nature prosper"*.

Signed by _____

G Easton:
Municipal Manager

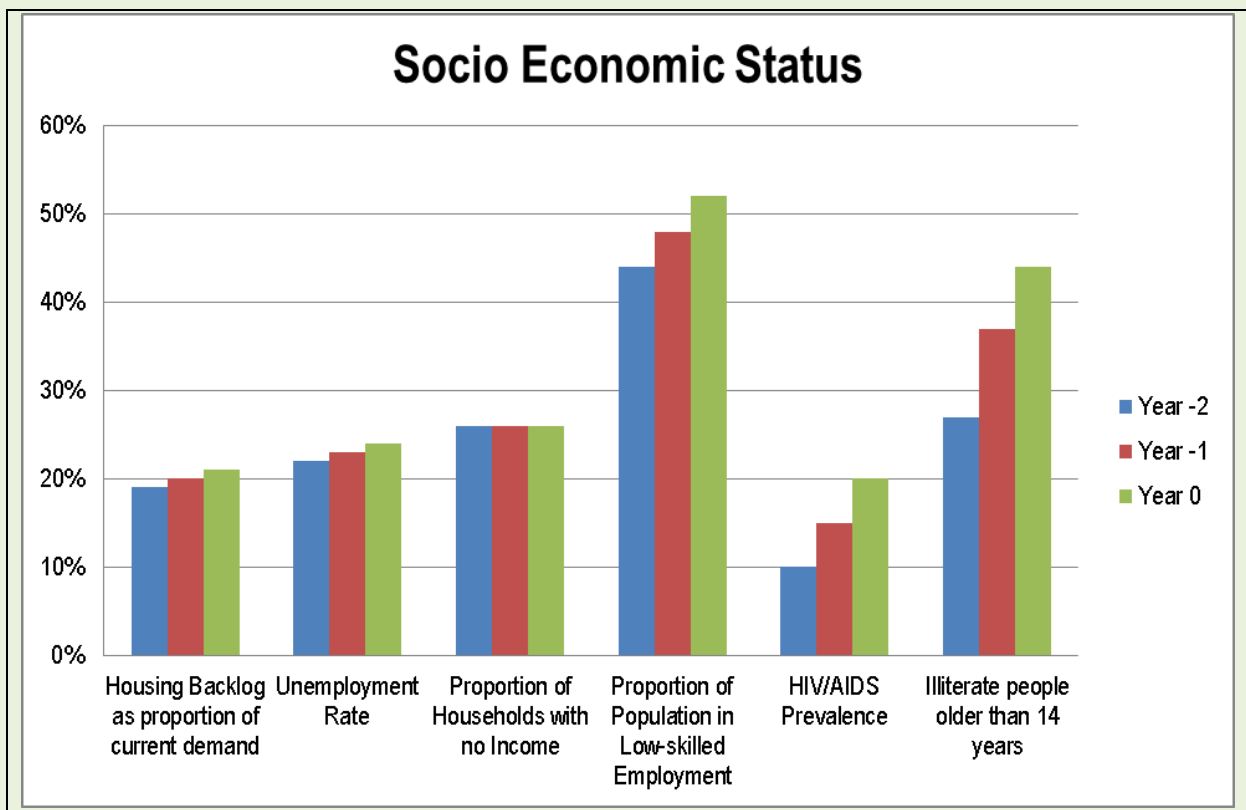
1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW



MUNICIPALITY	POPULATION SIZE			% UNEMPLOYMENT RATE		GDP (2011)	
	2001	2011	% AVERAGE ANNUAL GROWTH	2001	2011	GDP (R IN MILLION	GDP PER CAPITA
Eden District	454 919	574 265	2.4	23.4	22.5	18 925	32 956
Kannaland	23 975	24 767	0.3	13.9	17.3	677	27 338
Hessequa	44 108	52 642	1.8	14.0	14.1	1 037	19 702
Mossel Bay	71 498	89 430	2.3	24.7	22.9	4 920	55 019
George	135 402	193 672	3.6	27.8	20.7	5 841	30 157
Oudtshoorn	84 691	95 933	1.3	33.7	25.3	2 208	23 020
Bitou	29 180	49 162	5.4	26.3	30.1	1 549	31 051
Knysna	51 475	68 659	2.9	28.3	24.8	2 389	34 791

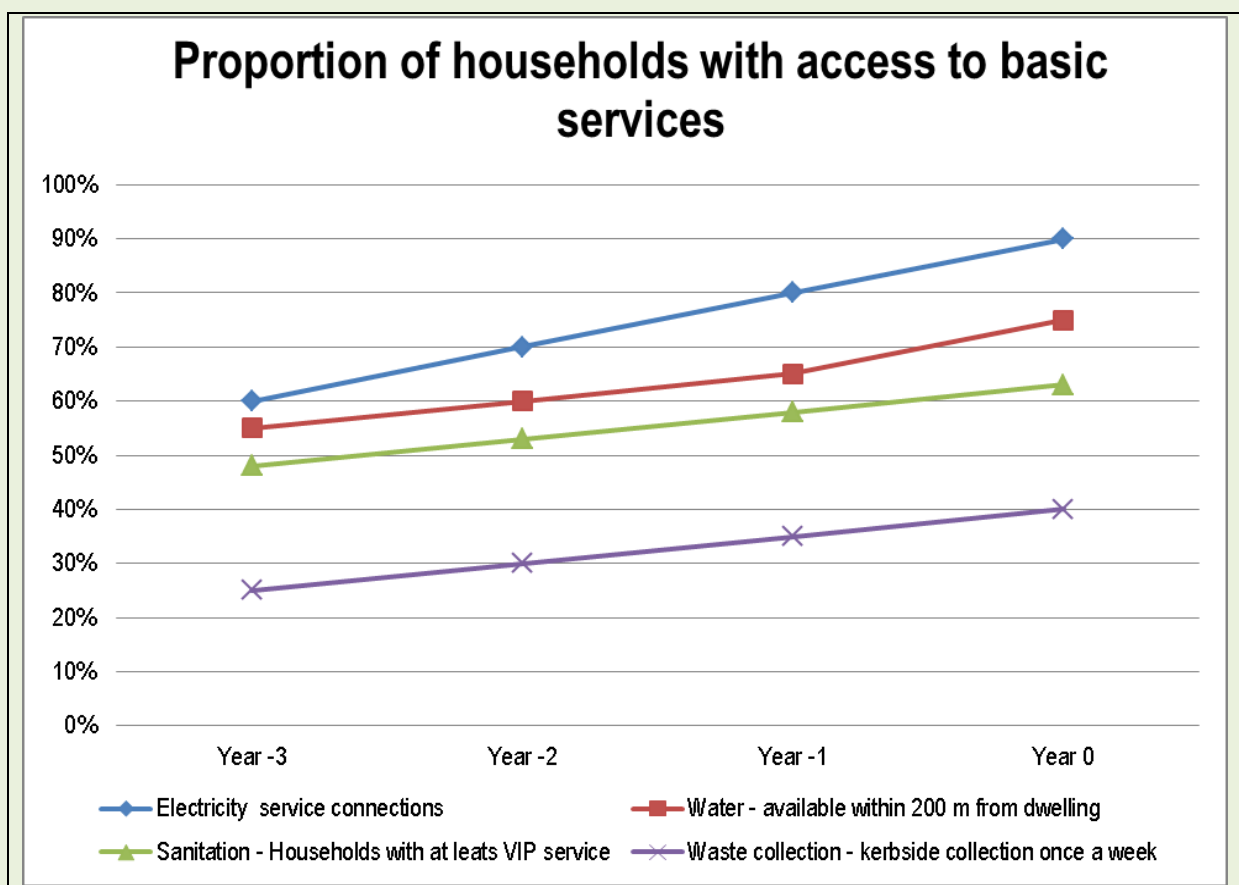
TYPE OF DWELLING	2012	2013	2014	2015
House or brick structure on a separate stand or yard	14 282	14 769	15 275	15 801
Traditional dwelling/hut/structure made of traditional materials	131	129	146	151
Flat in a block of flats	613	630	651	678
Town/cluster/semi-detached house (simplex, duplex or triplex)	831	848	849	884
House/flat/room, in backyard	346	331	357	366
Informal dwelling/shack, in backyard	1 285	1 319	1 443	1 436
Informal dwelling/shack, squatter settlement	4 003	4 258	4 534	4 513
Room/flat let not in backyard but on a shared property	88	109	111	114
Caravan/tent/other	317	353	339	352
Source: Quantec				

Socio Economic Status					
Year	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2011/12	15.5%	16%	56%	5.8%	2.0%
2012/13	15.7%	16%	56%	5.9%	2.1%
2013/14	15.8%	16%	57%	6.0%	2.1%
2014/15*	15.8%	16%	57%	6.1%	2.2%



1.3. SERVICE DELIVERY OVERVIEW

Proportion of Households with access to below basic level of services				
	2012/13	2013/14	2014/15	2015/16
Electricity - Constitutes a backlog and includes households using gas, paraffin, coal &	11%	11%	12%	11%
Water - Constitutes a backlog and includes water further than 200m, springs, rain & w	5%	5%	6%	5%
Sanitation - Backlog and includes chemical toilets, pit latrine without ventilation & buc	15%	15%	16%	15%
Waste collection - no services	1%	1%	1%	1%



1.4 FINANCIAL HEALTH OVERVIEW

Financial Overview

2014/15

Details	Original budget	Adjustment Budget	Actual
Income			R '000
Grants	108 328	142 657	121 988
Taxes, Levies and tariffs	434 847	427 043	424 345
Other	33 076	98 931	137 513
Sub Total	576 251	668 631	683 846
Less Expenditure	540 748	613 068	603 588
Net surplus/(deficit)	35 503	55 563	80 258

Operating Ratios

Detail	Expected norm	Actual	% Variance
Employee Cost	38%	31%	7%
Repairs & Maintenance	6-8%	5%	3%
Finance Charges & Depreciation	10%	8%	2%

Total Capital Expenditure 2013/14 and 2014/15

Detail	2014/15	2013/14
	R'000	
Original Budget	70 174	75 959
Adjustment Budget	89 135	84 932
Actual	61 788	77 263

1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

Knysna Municipality has embarked on a number of projects and programmes to improve its performance. Its organizational structure is reviewed annually to ensure that it remains relevant to the strategic objectives of the municipality as reflected in the Integrated Development Plan.

The municipality is in a process of a comprehensive organisational structural review. It is envisaged that the review will be completed by June 2016. The organizational structure review will ensure that the municipality continues to deliver on its constitutional mandate.

In the event that some jobs change, new job descriptions will be developed and evaluated.

The organizational performance at organizational level is managed and evaluated through the Service Delivery and Budget Implementation Plan (SDBIP) top level, down to the directorate and departmental levels through a more detailed SDBIP. Individual Performance Management has been cascaded to the second reporting line of managers.

The National Treasury has identified officials in municipalities who must have the prescribed minimum competency qualifications. This is aimed at ensuring sound financial management in the local government sector. Council took a decision that those Section 56 employees who have not obtained the minimum competency level qualification must meet the Minimum Competency requirements by February 2016. The rest of the employees who are affected by this Regulation have up to 30 June 2016 to meet the requirements. It is envisaged that they will meet the deadline to qualify.

During the year under review Knysna Municipality registered all its lower level staff, Task Grades 1-5, for a life skills programme. This training entails internal communication, decision-making, customer service. It is believed that it will go a long way to empower our employees not only to cope with the challenges at work.

Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Knysna Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Knysna Municipality set out on pages 10 to 94, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Knysna Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during 2014-15 in the financial statements of the municipality at, and for the year ended, 30 June 2014.

Material impairments

9. As disclosed in notes 18 and 19 to the financial statements, material impairments of R48, 4 million (2013-14: R35, 6 million) and R117, 1 million (2013-14: R59, 5 million) were incurred as a result of expected irrecoverable debt from exchange transactions and non-exchange transactions, respectively.

Additional matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

11. The supplementary information set out on pages 95 to 101 of the financial statements does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as

described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2015:
 - Strategic objective 1: to promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment, on pages 171 to 174
 - Strategic objective 2: to ensure ecological integrity through sustainable practices of municipal governance, on pages 174 to 175
 - Strategic objective 5: to ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery, on pages 180 to 186
15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*.
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not identify material findings on the usefulness and reliability of the reported performance information for all the selected objectives:

Additional matters

19. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:

Achievement of planned targets

20. Refer to the annual performance report on pages 171 to 186 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for strategic objective 1: to promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment; and strategic objective 5: to ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good

governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery. As management subsequently corrected the misstatements, I did not identify material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

22. The supplementary information set out on pages 187 to 236 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

23. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

24. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Cape Town

30 November 2015



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDIT COMMITTEE ON THE ANNUAL REPORT AND THE AUDITOR-GENERAL'S AUDIT REPORT THEREON

INTRODUCTION

As well as being required to assist Council in discharging its oversight role and to advise Council, its political office bearers, Councillors, management and staff on various matters, the Audit Committee is especially mandated by the Municipal Finance Management Act, 2003, (MFMA) and the Audit Committee Charter to:

1. Review the Municipality's Annual Financial Statements in order to provide Council with an authoritative and credible view of the financial position of the Municipality, its efficiency and effectiveness and its overall level of compliance with the MFMA and other applicable legislation (Section 166 (2)(b)); and
2. Respond to Council on any issues raised by the Auditor-General (AG) in the Audit Report (Section 166 (2) (c))

In our report we will, as before, deal with these matters in the reverse order.

RESPONSE TO ISSUES RAISED IN THE AUDITOR-GENERAL'S REPORT FOR 2014/2015

The Municipality and particularly the Municipal Manager, its staff and the Acting Chief Financial Director and her staff must be congratulated on again achieving a "clean audit", this time for the third year in succession. Last year there were differences of opinion between the Management and the A-G concerning the Supply Chain Management Regulations. These were referred to National Treasury but to date remain unresolved.

PREDERTIMINED OBJECTIVES

Material misstatements were found in the performance information during the Audit. Management corrected these and the Municipality received an unqualified conclusion on the Performance Management Report. The Auditor-General's Audit Team adopted a different approach this year and as a result were of the opinion that Performance Management was less effective than it was in the previous year. The Audit Committee, however, is of the opinion that Performance Management has actually improved.

INFORMATION TECHNOLOGY

The A-G found that limited progress has been made in correcting problems reported last year. In particular that no progress had been made in the area of security management.

SERVICE DELIVERY – ROADS

It was found that there was no approved policy in place for the planning, management and reporting of road infrastructure and no approved Road Maintenance Plan priority list in place for the renewal and routine maintenance of roads infrastructure. This is a repeat finding and must receive urgent attention.

REVIEW OF THE MUNICIPALITY'S FINANCIAL POSITION, EFFECIENCY AND EFFECTIVENESS

Knysna and the rest of South Africa still find themselves in a period of no growth. Property prices are subdued and no development is taking place. Tourism, Knysna's only remaining industry, is depressed as South African citizens have no money for holidays, while Europe, our main trading partner, is slowly

recovering from recession. There are many developed and undeveloped properties for sale and many businesses have been closed.

The further increase in Eskom tariffs has led to another drop in electricity sales to local consumers. Sales in Rand terms only increased by 3% this Financial Year. This resulted in substantially less profit from the sale of electricity which could have been used to fund service delivery programs.

As a result of the low growth scenario and closure of many businesses, Knysna's tax base has again shrunk with more reliance on residential ratepayers, a large proportion of whom are retired people with limited means. There is therefore still no possibility of above inflation increases in rates in the near future. This has meant that the Municipality's debtor's ability to pay for services is decreasing.

REVENUE

Total revenue increased from R609 million in 2014 to R684 million in 2015, an increase of R75 million or 12,3%. This increase exceeds inflation and last year's increase of 9,9% and is a great achievement under the present difficult economic conditions. This year, property rates increased by R11.69 million and electricity service charges by R5.35 million, the former by more than 2014 and the latter by less. Government grants and subsidies were R7 million less than in 2014 and represented R17.8% of total revenue compared to 21,2% in the previous year. The decrease in grants was principally due to a decrease in the housing grant set off to a degree by an increase in the equitable share. The equitable share grant of R44,7 million (compared to 35,9 million in 2014) represents the Municipality's share of national revenue and made up 6,5% of total income compared to 5.9% in 2014. This grant is supposed to cover the cost of services to the indigent members of the community.

The gross profit from the sale of electricity decreased to 31,4% compared to 31,9% last year. This is however still below that achieved in 2012 and below the national norm and reflects the Municipality's inability to recover the full Eskom increase from consumers.

EXPENDITURE

Employee related costs increased by 10% and as a percentage of total expenditure increased from 28% in 2014 to 30% in 2015. This is still well below the National norm and is an indication of the number of unfilled posts.

The cost of repairs and maintenance as a percentage of total expenditure has decreased from 6,0% in 2014 to 4,8% this year. The national average is about 7%. This is very disturbing as the budget for repairs and maintenance was increased in 2015 indicating that the budget was not fully spent. In view of the state of repair of the Municipality's infrastructural assets (for example: potholes) this requires Council's urgent attention.

We must state once again that all Municipal services must be properly costed so that Management and Council can take informed decisions regarding the tariffs to be charged for these services.

RECEIVABLES

Total Net Receivables (after the provision for doubtful debts had been taken into account) increased to R101 million from R68 million in 2014. If we exclude traffic fines practically all the increases namely R25 million related to unpaid service charges. Debtors for service charges increased by 63,2%. This is not acceptable and Council must address this problem urgently.

LIABILITIES

The current ratio which measures current assets against current liabilities increased this year from 0,92 in 2014 to 1,55 in 2015. This ratio indicates the Municipality's ability to utilise its near cash assets to pay its short term liabilities as they become due. The norm for this ratio is 1,75. Although the ratio has improved, the fact that it still is below the norm indicated a potential liquidity problem. The quick ratio which measures the ratio of current assets, excluding receivables and inventory against current liabilities, has risen from 0,25 in 2014 to 0,58 in 2015. The norm in this case is 1. The cash ratio which measures the ratio of cash and cash equivalents against current liabilities has also risen from 0,16 in 2014 to 0,55 in the current year. These ratios all indicate an improvement in cash management.

CASH

The free cash, that is the cash and cash equivalents less the unspent conditional grants and deposits pledged to the Development Bank of South Africa, rose from minus R1,3million in 2014 to R40 million in 2015. This figure for 2014 is distorted as a long term loan was received shortly after year end. Even taking this into account it still shows how the Municipality's liquid position has improved.

COMPLIANCE, EFFICIENCY AND EFFECTIVENESS

As far as compliance in relation to fiscal matters with the provisions of the MFMA and other legislation is concerned, the Municipality has done well, particularly compared to other Municipalities, especially in other provinces. This is borne out by the A-G's "Clean Audit" report.

However, the shortcomings relating to the predetermined objectives, repeat findings, service delivery and other findings referred to in the previous section dealing with the A-G's report require attention. If this is not done with a fair amount of urgency, the audit result for the 2015/2016 Financial Year may not be sustained.

CONCLUSION AND RECOMMENDATION

While Knysna is acknowledged as one of the better run medium sized Municipalities in the country, Management and Council cannot relax their vigilance. As the national and local economy have stagnated the Knysna Municipality has also suffered. There are signs of a recovery and the future must be approached with caution. The Municipal Manager and his team were in control during a difficult twelve months and this strong leadership must be maintained in view of the difficult times ahead.

We believe the following steps should be taken:

- Consolidation of the Municipality's financial position by curtaining unnecessary expenditure, making optimal use of available resources and concentration on the core functions of local government; and
- The implementation of the long term plan, which is practically completed, which is intended to make Knysna the kind of town all its residents would like to live in , a town that must remain sustainable with future developments and the required maintenance to meet the long term needs of the entire community.

WE RECOMMENDED THAT COUNCIL

1. Note and consider the Auditor-General's report and the Audit Committee's report thereon and take appropriate and timeous action in regard to the matter raised therein;
2. Approve the Municipality's Audited financial statements for 2014/2015; and

-
3. Direct its Municipal Public Accounts Committee to review the Auditor-General's report and the Audit Committee's report thereon at its next meeting and draw up proposed action plans arising out of these reports, for consideration by Council.

We express our thanks to the Municipal Manager, Grant Easton, and his staff, the Municipality's Senior Management and staff, who have given their co-operation throughout the year. Our thanks are also due to Council's Political Office Bearers and Councillors, the Auditor-General's staff and the Internal Auditors' staff for their assistance and co-operation during the past year

N. Metelerkamp (Chairman)

V. Gungubele

M. Hennessy

J. Roux

J. Stoffels

1.6. STATUTORY ANNUAL REPORT PROCESS

According to legislation the Annual Report of a municipality must be tabled in the municipal council on or before 31 January each year. In order to enhance Councils oversight function the municipality should submit their Annual Reports as soon as possible after the financial year end ideally this ought to be the end of August. For the first time both the draft Annual Financial Statements and the Annual Performance Report were submitted to Council by the end of August and together they form the bulk of the Annual Report. Management is currently developing processes and systems in order to ensure that the remaining sections are in place for the 2013/2014 Annual Report process.

The anticipated process for the creation, submission, review and approval of the 2014/2015 Annual Report ¹ is set out in the table below.

No.	Activity	Year	Timeframe
	Consideration and approval of the 2015/2016 financial year's Budget and IDP process plan.	2015/2016	July 2014
	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	2014/2015	
	Finalise and submit the fourth Quarterly Budget Statement for 2013/2014 including preliminary summarised performance information.	2013/2014	
	Auditor General officially commences external audit process	2013/2014	August 2014
	Audit/Performance Committee considers draft Annual Performance Report	2013/2014	
	Audit Committee considers draft Annual Financial Statements	2013/2014	
	In-year report of the Municipality Monthly Budget Statement for July 2014	2014/2015	
	Chief Financial Officer tables to Council the unaudited Annual Financial Statements	2013/2014	
	Municipal Manager tables to Council the unaudited Annual Performance Report	2013/2014	
	Municipality submits draft Annual Financial Statements to the Auditor General	2013/2014	
	Municipality submits draft Annual Performance Report to the Auditor General	2013/2014	September 2014
	In-year report of the Municipality Monthly Budget Statement for August 2014	2014/2015	
	Submit to the Auditor General supplementary information to be included in Annual Report for audit purposes.	2013/2014	

¹ Note that the annual performance report and the annual financial statements form part of an Annual Report

No.	Activity	Year	Timeframe
	In-year report of the Municipality Monthly Budget Statement for September 2014	2014/2015	October 2013
	Finalise and submit the first Quarterly Budget Statement for 2014/2015 including preliminary summarised performance information.	2014/2015	
	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	2013/2014	
	Auditor General to issue draft management letter	2013/2014	
	In-year report of the Municipality Monthly Budget Statement for October 2013	2014/2015	November 2014
	Municipalities receive and start to address the Auditor General's comments contained in the draft management letter	2013/2014	
	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	2013/2014	
	Audited Annual Report is made public and representation is invited	2013/2014	
	Municipal Public Accounts Committee (MPAC) assesses Annual Report	2013/2014	
	In-year report of the Municipality Monthly Budget Statement for November 2013	2014/2015	December 2014
	Council adopts Oversight report	2013/2014	
	Oversight report is made public	2013/2014	
	Oversight report is submitted to relevant legislated institutions	2013/2014	
	In-year report of the Municipality Monthly Budget Statement for December 2013	2014/2015	January 2015
	Finalise and submit the Mid-year Budget and Performance Assessment for 2013/2014 including preliminary summarised performance information.	2014/2015	
	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	2015/2016	
	In-year report of the Municipality Monthly Budget Statement for January 2014	2014/2015	February 2015
	In-year report of the Municipality Monthly Budget Statement for February 2014	2014/2015	March 2014
	In-year report of the Municipality Monthly Budget Statement for March 2014	2014/2015	April 2015
	Finalise and submit the third Quarterly Budget Statement for 2013/2014 including preliminary summarised performance information.	2014/2015	
	In-year report of the Municipality Monthly Budget Statement for April 2014	2014/2015	May 2015
	In-year report of the Municipality Monthly Budget Statement for May 2014	2014/2015	June 2015

CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

COUNCIL AS AT 30 JUNE 2015

NAME OF COUNCILLOR	CAPACITY	PARTY	WARD
Georlene Wolmarans	EXECUTIVE MAYOR	DA	PR
Esme Edge	DEPUTY EXECUTIVE MAYOR MEMBER OF MAYORAL COMMITTEE CHAIRPERSON : GOVERNANCE & ECONOMIC DEVELOPMENT COMMITTEE	DA	PR
Eleanore Bouw-Spies	SPEAKER	DA	Ward 5
Elrick Van Aswegen	MEMBER OF MAYORAL COMMITTEE CHAIRPERSON : FINANCE COMMITTEE	COPE	PR
Irene Grootboom	MEMBER OF MAYORAL COMMITTEE CHAIRPERSON : COMMUNITY SERVICES COMMITTEE	DA	1
Louisa Hart	MEMBER OF MAYORAL COMMITTEE CHAIRPERSON : PLANNING INFRASTRUCTURE AND DEVELOPMENT COMMITTEE	DA	2
Raymond Barrell	Proportional Councillor	DA	Proportional Representative
Vacant	Ward Councillor		Ward 10
Titi Mertle Gombo	Ward Councillor	ANC	Ward 7
Wiseman Litoli	Ward Councillor	ANC	Ward 4
Migiel Lizwani	Ward Councillor	ANC	Ward 3
Ntombizanele Jantjies	Ward Councillor	Independent	Ward 8

Vacant	Ward Councillor		Ward 9
Clive Witbooi	Ward Councillor	ANC	Ward 6
Stephen De Vries	Proportional Councillor	ANC	Proportional Representative
Mthobeli Dyantyi	Ward Councillor	ANC	Proportional Representative
Theodoris Nayler	Proportional Councillor	DA	Proportional Representative
Phumla Nkam	Proportional Councillor	ANC	Proportional Representative
Beauty Tyokolo	Proportional Councillor	DA	Proportional Representative

THE EXECUTIVE MAYORAL COMMITTEE AS AT 30 JUNE 2015



GEORLENE WOLMARANS
EXECUTIVE MAYOR



ESME EDGE
DEPUTY EXECUTIVE MAYOR



LOUISE HART
MAYORAL COMMITTEE



IRENE GROOTBOOM
MAYORAL COMMITTEE

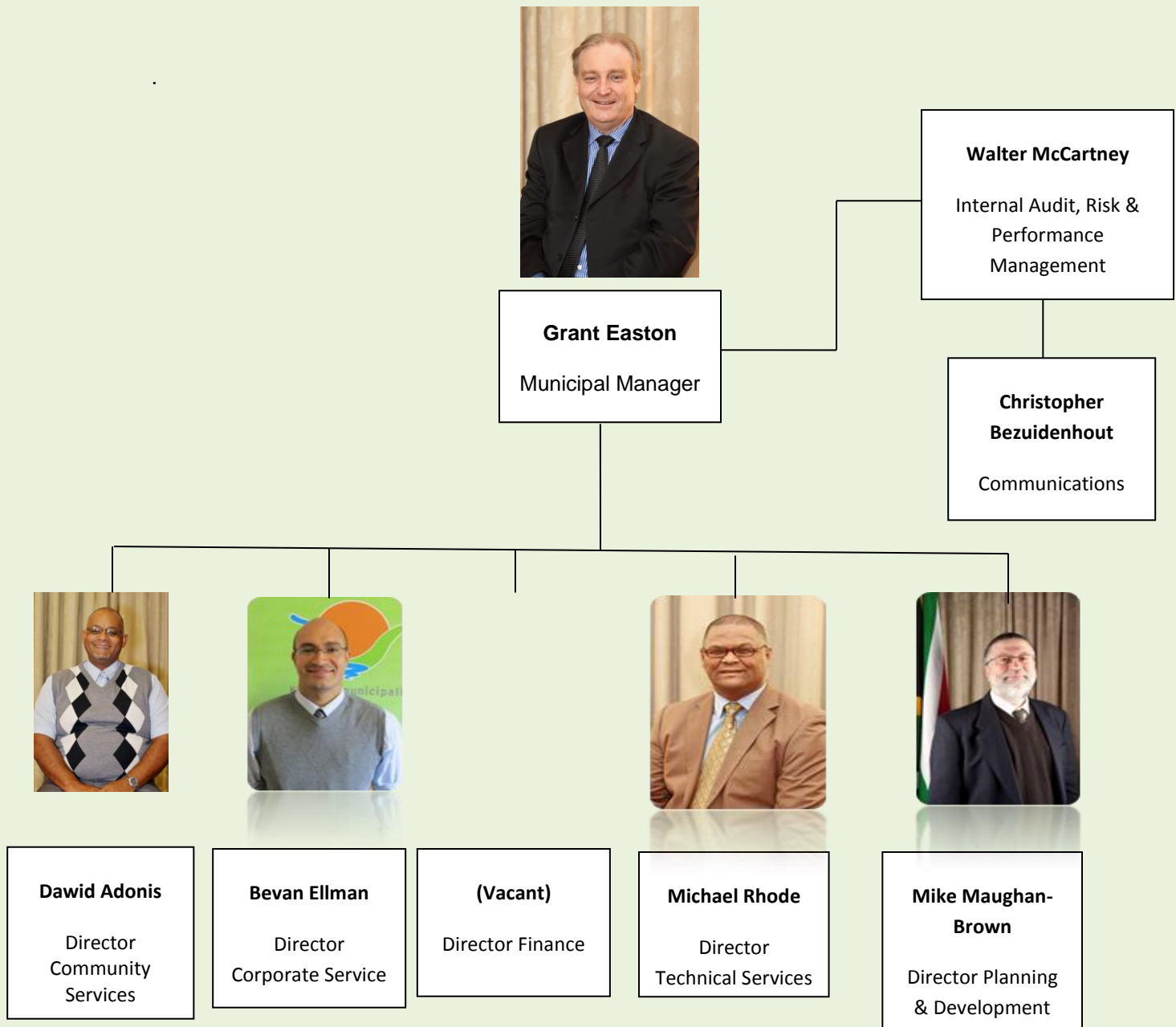


ELRICK VAN ASWEGEN
MAYORAL COMMITTEE

2.2 ADMINISTRATIVE GOVERNANCE

EXECUTIVE MANAGEMENT STRUCTURE – AS AT 30 JUNE 2015

The administration component of Knysna Municipality is headed by the Municipal Manager, who has 5 Directors who report directly to him in terms of Section 56 of MSA. The Manager: Performance, Internal Audit and Risk Management, as well as the Manager: Communications, also report directly to the Municipal Manager



COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

The Municipality has the right to govern on its own the affairs of the local community, subject to national and provincial legislation. Municipalities must also co-operate with other spheres of government in a manner which fosters friendly relations, consult and be supportive on matter of common interest, adhere to agreed procedures and avoid legal proceedings against each other.

National Intergovernmental Structures

- SALGA National Assembly
- Municipal Managers National Forum
- Waste Management Officers of the Department of Environmental Affairs (DEA)

Provincial Intergovernmental Structures

The following meetings were attended to progress issues of mutual interest with neighboring municipalities, provincial government and national government to address policy and practice matters:

- Premier's Coordinating forum
- Municipal Governance Review and Outlook (MGRO)
- Ministerial Mayors Forum (Min May)
- MinMay Tech
- SALGA working groups
- Municipal Managers Forum
- Chief Finance Officers Forum
- Provincial and district IDP managers forums
- Provincial Technical Forum
- Disaster Management Forum
- Municipal Planning Heads Forum
- Climate Change Adaptation Work Group
- Chief Risk Officers Forum
- Chief Audit Executive Forum
- Predetermined Objective Forum
- PS7 Provincial Climate Change Forum

District Intergovernmental Structures

On a district level the seven local authorities have established:

- District Coordinating Forum
- District MM Forum
- Eden District Public Transport Forum
- Human Resources Forum
- Legal Advisors Forum
- District Coordinating Forum
- Eden Integrated Waste Management Forum
- Environmental Management Forum
- Eden Communication Forum

- District IDP Managers Forum
- ICT Managers Forum
- Chief Finance officers
- Garden Route Initiative
- Supply Chain Management Forum
- South Cape Development Forum
- Municipal Risk Management Forum
- Local Economic Development Forum
- HIV Aids Forum
- Chief Audit Executive Forum
- Eden District Coastal Management Committee
- Eden District Expanded Public Works Programme

2.4 PUBLIC MEETINGS

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

THE MUNICIPALITY IMPROVED ON THE RESPONSIBILITIES MENTIONED ABOVE AS INDICATED IN THE 2014/2015 IDP BY:

Providing feedback to different communities on issues people raised during the first round of public engagements.

Providing progress report on funded projects implemented in the different Wards.

Providing opportunity for communities to making input to the 2014/2015 IDP process.

Providing Ward Committee an opportunity to prioritise inputs received from the different wards.

Encouraging Ward Councillors and Ward Committees to undertake further consultation about communities service delivery and development priorities.

Encouraging communities, Stakeholders and individual members of society to make use of the opportunity to do submission regarding the IDP review and budget of the municipality.

Participation in a comprehensive ISDF consultation process.

Key purposes of ward committees

- Create formal unbiased communication channels and co-operative partnerships between Knysna Municipality and the community within a ward.
- Ensure contact between Knysna Municipality and the community through the relevant feedback mechanisms.
- Act as an advisory body on council policies and matters affecting communities in the ward as requested.
- Make recommendations on matters affecting the ward to the ward councillor.
- Serve as a constructive mobilizing agent for positive community action.
- Facilitate participation in Municipal planning initiatives and events

Major issues that ward committees dealt with during the year

- Performance assessment of senior managers.
- Review of the IDP.

- Prioritization of ward inputs into the IDP and ISDF.
- Participating in budget processes.
- Registering of operational service delivery and other complaints by ward committee members.
- Active involvement in ward based development, monitoring and evaluation thereof by ward committee members.
- Participation in programmes organised by other spheres of government in partnerships with Knysna Municipality.
- Attendance at capacity building training
- Finalization of the Ward Based Projects
- Reviewing of Ward Committee Operational Plans
- Attendance at the District and Provincial Ward Committee Conferences

ATTENDANCE OF WARD COMMITTEE MEETINGS

Ward 1 – Cllr Irene Grootboom

Ward Committee Member	Number of meetings attended	Number of meetings held
Paulina Jafta	5	6
Rejoyce Gawie	5	
John McGregor	0	
Annie Brinkhuis	6	
Mavis Krwetshe	6	
Edna Thomson	5	
Benjamin Blaauw	5	
Cecilia McKay	5	
Antony Tooley	4	

Ward 2 – Cllr Louisa Hart

Ward Committee Member	Number of meetings attended	Number of meetings held
Roy Phillips	7	13
Johannes Roberts	6	
Marius Coetzee	2	
Joan Oelf	7	
Jacobus Meyer	7	
Ginny Viner	5	
Barrie Hardie	6	
Johannes Matabata	7	
Lars Nayler	4	

Ward 3 – Cllr Migiel Lizwani

Ward Committee Member	Number of meetings attended	Number of meetings held
Rosemary Ndinayo- Kolanisi	2	5
Mncedisi Skosana	3	
Lorraine Miles	4	
Thabile Botman	0	
Zamubunthu Blaai	3	
Mandisa Litoyi	2	
Catherine Suckling	2	
Patric Blaai	5	
Koliseko Bhatyi	3	
Brenda Yoyo	4	

Ward 4 – Cllr Wiseman Litoli

Ward Committee Member	Number of meetings attended	Number of meetings held
Vusumzi Boo	4	5
Phindile Fokanisi	4	
Sithembele Ngqezu	5	
John Snyman	5	
Samuel Manina	4	
Thabisa Mningiswa	2	

Ward 5 – Eleanor Bouw-Spies

Ward Committee Member	Number of meetings attended	Number of meetings held
Jean Songayi	4	6
Carol Lawrence	4	
John Moos	4	
Laya Kiewiets	6	
Amanda Mouwers	4	
Joseph Petersen	6	
Theresa Titus	0	
Daniel Pompies	1	

Ward 6 – Cllr Clive Witbooi

Ward Committee Member	Number of meetings attended	Number of meetings held
Veronica Tshazibana	6	7
Franklin Lamini	4	
Katriena Van Rooyen	7	
Eveline Alkaster	7	
Albertus Blaauw	3	
Simon Terblanche	5	
Anele Vani	4	
Neil Louw	6	

Ward 7 – Cllr Titi Gombo

Ward Committee Member	Number of meetings attended	Number of meetings held
Lindelwa Mbombo	3	5
Glory Campbell	4	
Lulama George	2	
Ntombizana Wongama	3	
Lydia Sindile	0	
Fezekile Xhungu	2	
Vinolia Gungubele	2	
Nandipha Ncaphayi	4	

Ward 8 Cllr Ntombizanele Jantjies

Ward Committee Member	Number of meetings attended	Number of meetings held
Edna August	4	5
Magdalene Moos	5	
Phumla Mnonopi	3	
Nontuthuzelo Yalezo	5	
Tando Matika	5	
Zenzile Mfanekiso	4	

Ward 9 – Cllr Michelle Wasserman

Ward Committee Member	Number of meetings attended	Number of meetings held
Ricky Maskew	1	4
Benjamin Charlson	3	
Richard Thorpe	4	
Janet Stanford	2	

Randall Stuurman	4	
Hennie Barnard	4	
Christopher Gould	4	

Ward 10 – Cllr Richard Dawson

Ward Committee Member	Number of meetings attended	Number of meetings held
Mickey Greyling	2	4
Declan Nurse	2	
Andrew Finn	3	
Collin Lang	4	
Deidre Hollely	4	

PUBLIC MEETINGS

Nature and Purpose of Meeting	Date of Event	Number of Participating Municipal Councillors	Number of Participating Municipal Administration	Ward	Number of Community Members Attending
Report Back Meeting	03 July 2014	1	Public Participation Unit	6(Oupad)	61
Report Back Meeting	08 July 2014	1	Public Participation Unit	6(Indlu Kabawo)	60
Report Back Meeting	09 July 2014	1	Public Participation Unit	6	93
Report Back Meeting	22 July 2014	1	Public Participation Unit	3	84
Report Back Meeting	05 August 2014	1	Public Participation Unit	4	38
Report back Meeting	07 August 2014	1	Public Participation Unit	3	201
Report Back Meeting	12 August 2014	1	Public Participation Unit	5	108
Report Back Meeting	21 August 2014	1	Public Participation Unit	6(Kalkhol)	46
Report Back Meeting	26 August 2014	1	Public Participation Unit	6(Oupad)	76
Report Back Meeting	01 September 2014	1	Public participation Unit	6	76
Report Back meeting	05 September 2014	1	Public Participation Unit	8	71
Report back meeting	10 September 2014	1	Public Participation Unit	3	25
Report Back meeting	11 September 2014	1	Public Participation Unit	3	251
Report Back Meeting	15 September 2014	1	Public Participation Unit	6	58

Report Back Meeting	16 September 2014	1	Public Participation Unit	8	50
Report Back Meeting	22 September 2014	1	Public Participation unit	7	50
Report Back Meeting	23 September 2014	1	Public Participation Unit	6	102
IDP Review	06 October 2014	-	Public Participation Unit	1	53
IDP Review	07 October 2014	-	Public Participation Unit	2	5
IDP Review	07 October 2014	-	Public Participation Unit	2(Karatara)	39
IDP Review	08 October 2014	-	Public Participation Unit	3	80
IDP Review	13 October 2014	-	Public Participation Unit	5(Brenton)	23
IDP Review	13 October 2014	-	Public Participation Unit	5	32
IDP Review	15 October 2014	-	Public Participation Unit	7	77
IDP Review	16 October 2014	-	Public Participation	8	52
IDP Review	20 October 2014	-	Public Participation Unit	9	10
IDP Review	20 October 2014	-	Public Participation Unit	9(Hornlee)	21
IDP Review	21 October 2014	-	Public Participation Unit	10	10
IDP Review	27 October 2014	-	Public Participation Unit	6	49
Report Back Meeting	29 October 2014	1	Public Participation Unit	8(Happy valley)	44
Report back meeting	30 October 2014	1	Public Participation Unit	8(Masifunde Library)	61
Report back Meeting	12 November 2014	1	Public Participation Unit	6,9	48
Report Back Meeting	19 November 2014	1	Public Participation Unit	7(Edameni)	25
Report Back Meeting	20 November 2014	1	Public Participation Unit	7(Bongani Valley)	25
Report back Meeting	01 December 2014	1	Public Participation Unit	6,8,9	59
Report Back Meeting	01 December 2014	1	Public Participation Unit	6(Hlalani)	54
Report Back meeting	07 December 2014	1	Public Participation Unit	6,8,9	125
Report Back Meeting	09 December 2014	1	Public Participation Unit	3	81
Report Back Meeting	11 December 2014	1	Public Participation Unit	7	11
Report back Meeting	28 January 2015	0	Public Participation Unit	6(Oupad)	67
Report back	29 January	1	Public	3	186

Meeting	2015		Participation Unit		
Report Back Meeting	02 February 2015	1	Public Participation Unit	6,8,9	119
Report Back Meeting	02 February 2015	1	Public Participation Unit	1	-
Report back Meeting	03 February 2015	1	Public Participation Unit	2	-
Report Back Meeting	04 February 2015	1	Public Participation Unit	5	-
Report Back meeting	05 February 2015	1	Public Participation Unit	7(Bongani)	43
Report Back Meeting	11 February 2015	1	Public Participation Unit	7	74
Report Back Meeting	11 February 2015	1	Public Participation Unit	6(Hlalani)	-
Report Back Meeting	17 February 2015	1	Public Participation Unit	1	-
Report Back Meeting	19 February 2015	1	Public Participation Unit	4	112
Report back Meeting	23 February 2015	1	Public Participation Unit	8	57
Report Back meeting	16 March 2015	1	Public Participation Unit	3	37
Report back Meeting	16 March 2015	1	Public Participation Unit	6	15
Report Back Meeting	07 April 2015	1	Public Participation Unit	6,8,9	70
Report Back Meeting	08 April 2015	1	Public Participation Unit	7	55
IDP/Budget meeting	13 April 2015	-	Public Participation Unit	4	45
IDP/Budget meeting	14 April 2015	-	Public Participation Unit	3	88
IDP/Budget meeting	15 April 2015	-	Public Participation Unit	6	77
IDP/Budget meeting	16 April 2015	-	Public Participation Unit	8	43
IDP/ Budget Meeting	20 April 2015	-	Public PARTICIPATION Unit	5(Brenton)	10
IDP/Budget meeting	20 April 2015	-	Public Participation Unit	5	43
IDP/Budget meeting	21 April 2015	-	Public Participation Unit	9	32
IDP/Budget meeting	22 April 2015	-	Public Participation Unit	2	3
IDP/Budget meeting	22 April 2015	-	Public Participation Unit	2(Karatara)	55
IDP/Budget meeting	28 April 2015	-	Public Participation Unit	1	81
IDP/Budget meeting	29 April 2015	-	Public Participation Unit	7	43
Report Back	04 May 2015	1	Public	4	65

Meeting			Participation Unit		
Report Back Meeting	21 May 2015	1	Public Participation Unit	6	116
Report Back Meeting	25 May 2015	1	Public Participation Unit	7	49
Report Back Meeting	18 June 2015	1	Public Participation Unit	4	62
Report Back Meeting	23 June 2015	1	Public Participation Unit	8	43
Report Back Meeting	29 June 2015	1	Public Participation Unit	6	75

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

- Deepen democracy, accountability and access to information as embedded in the Constitution.
- Narrow the social distance between the Community and the Municipality.
- Reinforce elected officials linkage with the community.
- Empower the community to be able to manage the community base planning
- Spearhead and improve the accountability of ward municipal structures to each other.
- Obtain information about experiences of the people with regards to service delivery.
- Keeps the community informed.
- Continuous interaction empowers the community
- Reduce protests.
- Keeps the municipality accountable to the community it serves.
- Enhances transparency and all initiatives are open to scrutiny.
- Promotes transparent, fair and effective decision making

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

COMPONENT D: CORPORATE GOVERNANCE

Ongoing local government reforms have provided a broad administrative framework for further improvements to occur. These include more stringent corporate governance requirements, greater flexibility and a focus on results and accountability.

2.6 RISK MANAGEMENT

Risk management is as much about identifying opportunities as avoiding or mitigating losses. It is a logical and systematic process of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process, in a way that enables an organisation to minimise losses and maximise opportunities. The drive for local government transformation with limited resources has tended to force municipalities into taking a less conservative approach to service delivery with a proportional increase in their risk exposure.

Ongoing local government reforms have provided a broad administrative framework for further improvements to occur. These include more stringent corporate governance requirements, greater flexibility and a focus on results and accountability. Risk management trends and components already overlap with those of internal auditing, performance management, programme and project management, financial management, change management, customer care, communication, etc. and require incremental inclusion in current and future plans of the entire organisation. The management of risk by implication is a managerial function, even so individual sections, departments and directorates differ in their exposure and reaction to risks and thus departments, sections and individuals form a vital part of the overall risk management process within the Municipality.

Knysna Municipality strives, so far, successfully to be amongst the leaders in local government. In our continuously changing governance environment it is imperative that Council remains updated on key changes and challenges and how these effect the operation of business in today's environment. This will not be achieved without an effective, efficient, soundly funded and managed risk strategy that seeks to maximise its impact on the organisation with minimum resources at its disposal. National Treasury Public Sector Risk Management Framework affirms that "no organisation has a luxury of functioning in a risk-free environment and public institutions are especially vulnerable to risk associated with fulfilling their mandates".

The table below indicates the top risks within the Municipality:

Top Municipal Risks			
Risk no.	Risk Category	Risk Description	Risk Background
1	Service delivery	Ageing and overstretched infrastructure	Current infrastructure needs to be reviewed
2	Service delivery	Shortage of cemetery space	Insufficient cemetery space to keep up with demand
3	Economic Environment	Lack of macro-economic strategy for Knysna	Negative impact of the current economic environment.

Top Municipal Risks			
Risk no.	Risk Category	Risk Description	Risk Background
4	Third party performance	Contract Management	Contract Management. The following issues have led to the risk being reviewed adversely. <ul style="list-style-type: none"> • Lack of an integrated contract management system. • No central control. • Issues with both creditors and debtor related contract management. Insufficient contract management systems
5	Service delivery	Information and Communication Management.	Lack of up to date accurate information resulting in ineffective decision making. (Resolution Management system)
6	Service delivery	Poor quality of infrastructure	Insufficient to keep up with demand
7	Material resources	Inadequate Asset Management	Inadequate Asset Management. Lack of control over issues such as use of email, phone, vehicles, tools and equipment, etc.
8	Information Technology	Information Technology: Lack of adequate IT security	No proper administered of Firewall <ul style="list-style-type: none"> • No formal qualification / training required for Firewall personnel • Lack of review Firewall administrative activities (reports) • Lack of periodic reviews • Non inclusive of discovered Firewall environment in the Disaster Recovery Plan.
9	Economic Environment	Loss of Competitive Advantage	Loss of competitive advantage for the town because of loss of aesthetic appear, historical interest and environmental quality.

2.7 ANTI-CORRUPTION AND FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identifies supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the Accounting Officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimise the likelihood of corruption and fraud.

The strategies listed in the table below have been adopted and are implemented by Council.

Name of strategy	Date Adopted
Supply Chain Management Policy	5 June 2014 (Annual Approval)
Anti-corruption strategy	11 December 2008
Fraud prevention strategy	11 December 2008
Whistle Blowing Procedures	11 December 2008
Anti-Fraud Hotline	27 March 2014

2.8 SUPPLY CHAIN MANAGEMENT

The Knysna Municipality received a clean audit for the third consecutive year from the Auditor-General which indicates that the municipality had no major SCM implementation or execution issues. We strive to fully comply with the MFMA S110-119; SCM Regulations 2005; and relevant MFMA circulars setting out the required processes and guidance manuals which assist to ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption. The Auditor-General did not identify any instances of material non-compliance with applicable legislation.

The SCM Unit will focus on contract management and awards to persons in the services of the state and close family members to avoid any new findings in the SCM audit.

2.9 BY-LAWS

By-laws Introduced during the Year				
Newly Developed	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Integrated Waste Management By-law	Yes	09 Oct 2014 – 24 Oct 2014	Yes	5 December 2014
By-law for the Control of Undertakings that sell to the Public	Yes	09 Oct 2014 – 24 Oct 2014	Yes	5 December 2014
By-law for the Prevention of Public Nuisances and the Keeping of Animals, Poultry and Bees	Yes	09 Oct 2014 – 24 Oct 2014	Yes	5 December 2014
Public Amenities By-law	Yes	09 Oct 2014 – 24 Oct 2014	Yes	5 December 2014
Roads & Traffic By-law	Yes	09 April 2015 – 30 April 2015	Yes	5 June 2015
Rules of Order for Internal Arrangement by-law	Yes	04 June 2015 – 30 June 2015	Yes	11 September 2015
Funeral Parlours, Cemeteries and Crematoria By-law	Yes	04 June 2015 – 30 June 2015	Yes	11 September 2015
Water & Sanitation Services By-law	Yes	04 June 2015 – 30 June 2015	Yes	11 September 2015
By-law relating to the Keeping of Dogs	Yes	09 April 2015 - 30 April 2015	Yes	11 September 2015
Sporting Facilities	By-law was reviewed during the 2014/2015 financial year but item was withdrawn pending outcome of sporting leases.			
By-law for the Control of the Seashore and Sea situated within or adjoining the Area of Jurisdiction of Municipality of Knysna	By-law was reviewed during the 2014/2015 financial year but item was withdrawn, awaiting new standard draft by-law.			

Note: All of above-mentioned by-laws were reviewed during the 2014/2015 financial year although some were only promulgated in the 2015/2016 financial year.

2.10 WEBSITES

The Knysna Local Municipalities website can be found at www.knysna.gov.za

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes/No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	Published - 27/3/15
All current budget-related policies	yes	Published – 27/3/15
The previous annual report (Year -0) 2012/2013	yes	Published – 6/7/2015
The annual report (Year 1) published/to be published	yes	April 2015
All current performance agreements required in terms of section 57(1)(b) of the	Yes	Published – 23/10/14
Public-private partnership agreements referred to in section 120 made in Year 1	n/a	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 1	yes	Quarterly

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

No public satisfaction surveys were undertaken this year but a Customer Service System was introduced at several Municipal offices where customers can record their experiences towards service received.

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

Performance management is a process which measures the implementation of the organisation's strategy, as set by Council, and targets, as developed as part of the IDP public participation process. It is also a management tool monitor the impact of service delivery by the Municipality.

At local government level performance management is institutionalised through the legislative requirements, most notably the Municipal Systems Act and related Regulations. The system is used to plan, measure and review individual performance indicators. Thus performance management provides the mechanism to measure whether targets and strategic goals are met, as set by and for the organisation and its employees.

The Performance Management System implemented at Knysna Municipality is intended to provide a comprehensive, step by step planning system that helps the municipality to manage the process of performance planning and measurement effectively. The PMS serves as primary mechanism to monitor, review and improve the implementation of the municipal IDP and eventually the budget.

The performance management policy framework as approved by Council provides for performance implementation, monitoring and evaluation at organisational as well as individual levels.

The role and impact of the Performance Management Framework of the Municipality is reflected in the diagram below:

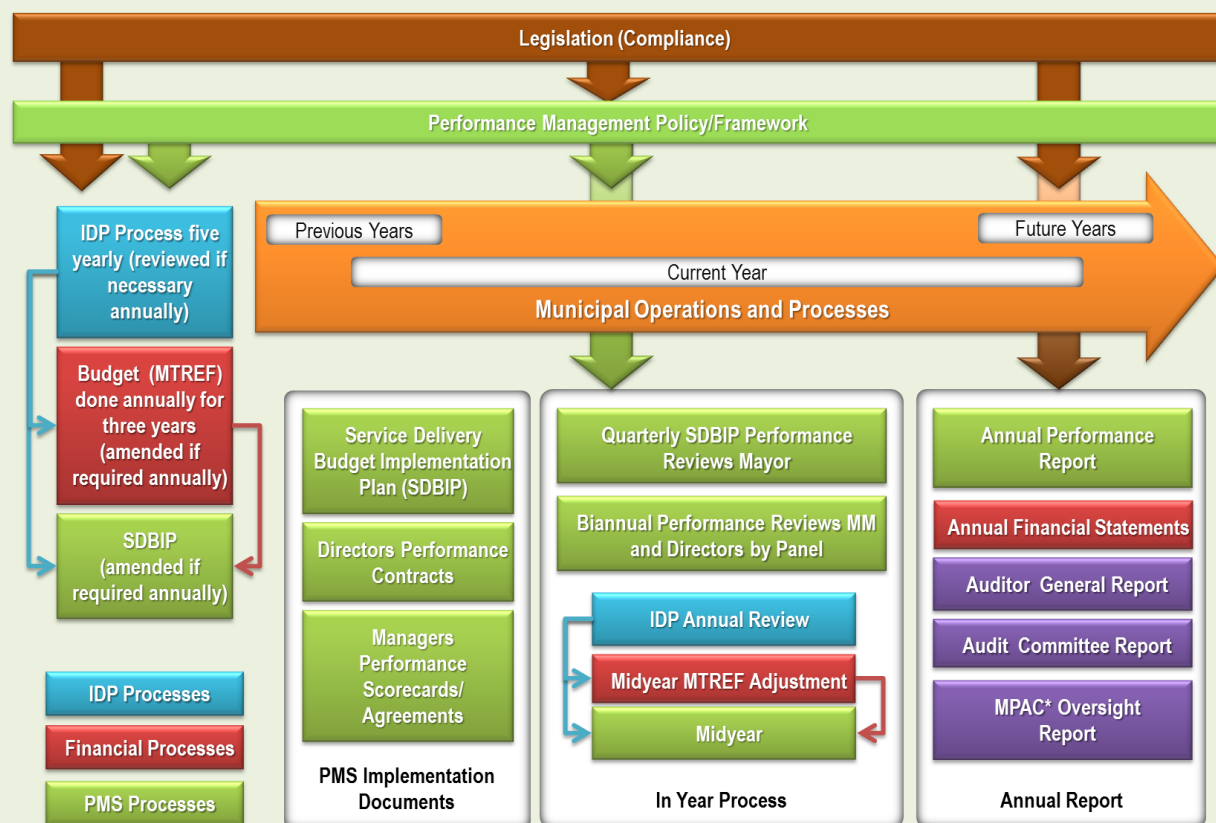


Figure 1: Performance Management system

Performance Management Policy Framework

The policy framework approved by Council prescribes the methodology that the municipality implemented to measure the overall performance of the municipality.

Response Required	Municipal Action	Progress	Timeframe
Roll-out of performance management to be effective on all levels	Performance reporting	Performance reporting to <ul style="list-style-type: none"> • Municipal Manager • Council • Annual Performance Report 	Monthly Quarterly Annually
	Implement performance on all appropriate staff levels by 2017	Individual performance management system up to the second line of managers is currently being implemented	2014-2017
	Implement performance for service providers by 2017	The performance of Service Providers is currently being reported to the Municipal Manager by SCM and the respective directors on a monthly basis	2014-2017

Organisational Level

The organisational performance of the municipality is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at directorate and departmental levels. The Top Layer SDBIP set out consolidated service delivery targets and provides an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities as determined by the IDP review process.

Service Delivery Budget Implementation Plan (SDBIP)

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and business processes of the Municipality are implemented. It also allocates responsibility to directorates and officials to deliver the services in terms of the IDP and budget.

The top-level SDBIP sets out the top-level performance indicators developed to attain Council's strategic objectives as set out in the IDP.

SO	Strategic Objective	PR	Priority	C	Component
1	To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment	1	Sanitation	A	Waste Water (Sanitation) Provision (3.2) Free Basic Services and Indigent Support (3.6)
		2	Electricity	A	Electricity (3.3) Free Basic Services and Indigent Support (3.6)
		3	Streets and storm water management	B	Road Transport (3.7) Transport (Including Vehicle Licensing) (3.8) Waste Water (Stormwater Drainage) (3.9)
		4	Water supply	A	Basic Services (3.1) Free Basic Services and Indigent Support (3.6)
		5	Disaster management	G	Law Enforcement (3.18) Fire (3.19) Other (Disaster Management, Animal Licencing and Control, Control of Public Nuisances) (3.20)
		6	Housing development	A	Housing (Human Settlements) (3.5)

SO	Strategic Objective	PR	Priority	C	Component
2	To ensure ecological integrity through sustainable practices of municipal governance	7	Environmental and Waste management	A E H	Waste Management (3.4) Free Basic Services and Indigent Support (3.6) Pollution Control (3.15) Bio-Diversity; Open Spaces and Coastal Protection (3.16) Sport and Recreation (3.21)
3	To create an enabling environment for economic growth that attracts investors, encourages innovation and facilitate pro-poor interventions	8	Decent employment and job creation	C	Local Economic Development (Including Tourism and Market Places) (3.11)
		9	Rural Development		
4	To facilitate real opportunities for youth, women, and disabled and appropriate care for the aged.	10	Education, youth and development, vulnerable groups	D	Child Care; Aged Care; Social Programmes (3.14)
		11	Health and HIV/AIDS	D F	Cemeteries (3.13) Health (3.17)
5	To ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery	12	Sound Financial Planning	H	Financial Services (3.23)
		13	Institutional capacity building	H	Information and Communication Technology (ICT) Services (3.25)
6	To develop progressive strategies to optimise the use of available human resources	14	Skills development and Education	H	Human Resource Services (3.24)
7	To establish a common vision and create coherence in government's work by seeking close partnerships with citizenry.	15	Ward committees and communication		? (Annexure)
		16	Responsive, accountable, effective and efficient municipal system	C D I H	Planning (3.10) Libraries; Museums and Community Facilities (3.12) Executive and Council (3.22) Property; Legal and Procurement Services (3.26)

Performance Indicators (PI's)

Section 38 (a) of the Systems Act requires Municipalities to set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the community development priorities and objectives set out in its Integrated Development Plan. Section 9 (1) of the Regulations to this Act maintains in this regard, that a Municipality must set performance indicators, including input indicators, output indicators and outcome indicators in respect of each of the development priorities and objectives.

Every year, as required by Section 12 (1) of the Regulations to the Systems Act, the Municipality also set performance targets for each of the key performance indicators. The IDP process and the performance management process are therefore seamlessly integrated

Annual Report

The Annual Performance Report and Financial Statements provide the basis for the Annual Report. Therefore the Oversight Report as adopted by Council for the prior reporting period is taken into consideration during the drafting of the Annual Performance Report.

Business Intelligence² and Data Management

The management and reporting of information is crucial to effective strategic decision making if any organisation is to achieve its strategic objectives and municipalities are no exception. In addition due to our diverse service, finance and governance structures and resulting reporting requirements we are reliant on a multitude of data sources the most significant are;

- External
 - Statistics South Africa (Stats SA)
 - Quantec
 - National and Provincial Government
 - Auditor General (AG)
 - Office of the Chief Registrar of Deeds
- Internal
 - Financial System (ProMun)
 - Document Management (Collaborator)
 - Performance Management (Ignite)
 - Credit Meter management (CAT)
 - Prepaid Metering (Itron)
 - Building Plans and Land use Applications (Collaborator)
 - GIS (ESRI)
 - Debtor Management (Windeed)
 - Open Database Connectivity [ODBC] (Progress)
 - Microsoft specifically Excel

None of the internal systems are integrated, some are compatible so far as information can be imported and exported between them. This can result in errors and ownership of data issues between suppliers and departments. In addition it results in significant delays in the generation of useful information which usually results in the information being unavailable or irrelevant during management decision making processes therefore resulting in crucial decisions being made on a perception basis.

The Economic Development and IT departments have partnered and are spearheading a project to address the current deficiencies and challenges generated by the current data management systems. The desired outcomes include but are not limited to;

- Improved decision making
- Institutional performance management
- Integrate monitoring and reporting
- Increased accuracy
- Improving access to and sharing of information
- Real time analysis and reporting
- Waste identification
- Risk mitigation
- Identification and removal of bottlenecks and duplications

² Definition: Business Intelligence (BI) is the analysis and transforming of raw data into meaningful and useful information

Grant funding has been identified and secured to finalise the preliminary scoping and investigation for the project. Once the scope of the project has been determined additional funding and partnerships will be investigated.

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

INTRODUCTION

The Knysna Municipality has increased the access to basic services considerably over the last ten years.³ All percentages relate to 2014;

- 75% of households have access to flush toilets.
- 93% of household refuse is removed weekly.
- 67% of households have access to piped water inside their dwellings.
- 88% of households have access to electricity for lighting.

Flush Toilets	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total	18 617	19 319	19 914	20 579	21 181	21 723	22 268	22 736	23 221	23 705
Flush or chemical toilet	13 052	13 796	14 550	15 292	15 919	16 426	16 918	17 224	17 546	17 863
Pit latrine	2 951	2 750	2 471	2 246	2 086	2 001	1 933	1 992	2 051	2 112
Bucket latrine	811	755	676	601	544	510	482	495	509	522
None of the above	1 804	2 018	2 217	2 440	2 631	2 785	2 935	3 025	3 116	3 208
Unspecified/Dummy	-	-	-	-	-	-	-	-	-	-

Refuse	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total	18 617	19 319	19 914	20 579	21 181	21 723	22 268	22 736	23 221	23 705
Removed at least once a week	17 219	17 900	18 487	19 135	19 715	20 230	20 743	21 171	21 616	22 058
Unspecified / other	50	74	100	126	146	161	175	179	184	188
Removed by local authority less often	96	109	122	134	144	151	158	161	164	168
Communal refuse dump	166	196	227	257	283	303	322	332	341	351
Own refuse dump	871	810	732	664	615	588	567	582	596	611
No rubbish disposal	214	231	246	263	277	290	302	311	320	329

Water	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total	18 617	19 319	19 914	20 579	21 181	21 723	22 268	22 736	23 221	23 705
Piped water inside dwelling	10 326	11 230	12 189	13 111	13 866	14 439	14 984	15 239	15 509	15 775
Piped water inside yard	2 705	2 696	2 657	2 626	2 614	2 629	2 650	2 718	2 787	2 856

³ Figures obtained from Quantec Research (Pty) Ltd a South African based consultancy. Quantec focuses on the marketing, distribution and support of economic and financial data, country intelligence and statistical, econometric and decision analysis software. Quantec also provides consultancy in custom economic and financial database solutions, economic analysis and forecasting, and market analysis and segmentation.” - <http://www.quantec.co.za/about/>

Water	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Piped water on community stand: distance less than 200m. from dwelling	2 514	2 685	2 819	2 994	3 154	3 294	3 434	3 544	3 655	3 768
Piped water on community stand: distance greater than 200m. from dwell	2 590	2 253	1 828	1 457	1 178	1 004	852	878	905	932
Borehole/rain-water tank/well	207	186	161	137	118	106	97	98	100	102
Dam/river/stream/spring	37	31	23	16	10	6	3	3	3	3
Water-carrier/tanker/Water vendor	11	13	15	17	18	19	20	21	21	22
Other/Unspecified/Dummy	225	225	222	221	222	225	228	235	241	248

Electricity for Lighting	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total	18 617	19 319	19 914	20 579	21 181	21 723	22 268	22 736	23 221	23 705
Electricity	15 342	16 190	17 015	17 855	18 576	19 171	19 753	20 144	20 552	20 957
Solar/other/unspecified	66	68	69	71	72	74	76	78	80	82
Gas	47	53	58	63	67	71	74	76	77	79
Paraffin	1 841	1 735	1 578	1 470	1 400	1 369	1 348	1 394	1 439	1 485
Candles	1 321	1 273	1 194	1 120	1 066	1 039	1 017	1 045	1 073	1 102

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION⁴

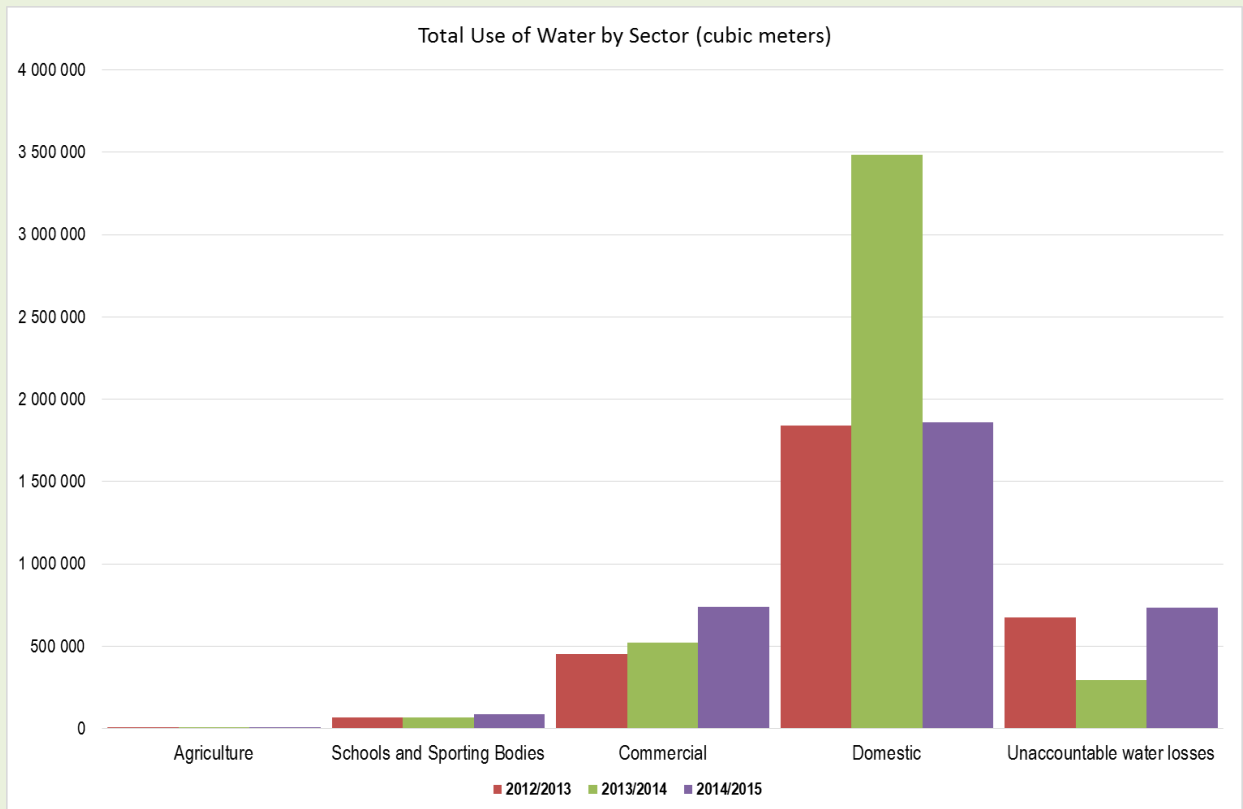
Knysna Municipality is an accredited Water Services Authority in terms of the National Water Act (Act 36 of 1998) and provides potable water to all the towns and settlements in its area of jurisdiction. It provides a comprehensive water provision service from source to tap since none of the water functions are currently being outsourced. Knysna Municipality has a total number of ten water schemes under its area of jurisdiction and applies innovative technologies which include from reverse osmosis, boreholes, desalination plants and surface water schemes. These systems ensure a sustainable high quality of drinking water to all residents. Water is supplied to all formal households, businesses, neighbouring farms and approximately 4 303 households in the informal settlements currently receive water via communal standpipes. The latest StatsSA projections in figure 9 above indicate that 67% of households are estimated to have piped water inside their dwellings which is a significant improvement on the 52% recorded in 2011. This can mainly be attributed to the effective roll-out of the Access to Basic Services programme which improved the accessibility to quality water to households with the installation of a number of communal taps in all the informal settlements in the Greater Knysna Municipal Area since 2010.

The quality of the drinking water supply in the Greater Knysna Municipal Area is tested monthly by the municipality itself as well as the Eden District Municipality and the quality of potable water is constantly above the national norms. Council has received Blue Drop Status for the Karatara Water Treatment Works and continuously strives to improve on water quality. The Knysna (94.5%) and Buffalo Bay (86%) Water Treatment Works marginally missed out on Blue Drop status subsequent to and independent audit considering that the threshold for Blue Drop status is 95%. Appropriate mechanisms have been put in place to also obtain Blue Drop Status for these two plants in the next round of auditing.

Domestic users are still the main user of water in the area, followed by the industrial sector and lastly agriculture. Household usage normally peaks in the holiday season during December – February when the holiday houses are usually 100% occupied. The table below illustrates the water usage per sector for the past financial years:

⁴ 4.8.1 Provision of water, IDP Review 2015/2016

Total Use of Water by Sector (cubic meters)					
Financial Year	Agriculture	Schools and Sporting Bodies	Commercial	Domestic	Unaccountable water losses
2012/2013	5 717	64 440	451 122	1 841 706	673 004
2013/2014	3 635	67 284	519 643	3 486 127	294 553
2014/2015	3 739	86 597	738 828	1 857 821	733 729



Graph 1: Use of Water by Sector

Knysna Municipality faces numerous challenges in terms of sustainable provision of water which put significant pressure on the limited water resources available. Some of those challenges include intermittent rainfall patterns, ageing infrastructure and limited human resources. Over the past years the water supply available has been limited at times and it was deemed necessary to implement water conservation and demand management initiatives to ensure a sustainable supply of water for the future. Two of these initiatives were the implementation of water restrictions in both Sedgefield and Knysna, and special water tariffs dependent upon levels of consumption. The Technical Services directorate implemented an effective water demand and conservation management strategy which resulted in a significant decrease in water losses over the last two financial years. Overall water losses increased from 6.5% in 2013/2014 to 14.6% in 2014/2015 which is well below the target of 20%. Knysna Municipality received an award for the Greenest Municipality competition in the Western Cape and one of the key considerations was water conservation management. The Karatara River Weir project was also named 1st joint winning project for technical excellence by the South African Institute of Civil Engineering (SAICE) in 2014.

The census 2011 report indicates that 67% of households are estimated to have piped water inside their dwellings which is a significant improvement on the 52% recorded in 2001. It is concerning that 16% of

households still had piped water on a community stand more than 200m from their home. The Census 2011 report also indicated that 14% of households had piped water on a community stand less than 200m from their home, while 13% had access to piped water inside their yard. The roll-out of the Access to Basic Services programme will improve the accessibility to quality water to households with the installation of an number of communal taps in all the informal settlements in the Greater Knysna Municipal Area since 2010.

FUNCTIONAL PERSPECTIVE⁵

One of the core objectives of Knysna Municipality is to maintain a reliable water service to all households and to develop water infrastructure to accommodate economic growth and development in the area. Knysna has always been regarded as a water scarce area and the theme for the 2015 Water Week is appropriately: "Water has no substitute!" The revised Water Services Development Plan (WSDP) for Knysna Municipality was adopted in December 2014 which will assist the municipality to fulfill its obligation to ensure sustainable access to clean and affordable water to all citizens in its area of jurisdiction. The WSDP also incorporates Water & Sanitation Master Plans. As an accredited Water Service Authority, the municipality always aspires to achieve the following goals:

- Delivery of sustainable water services;
- Integrated water resource management; and
- Efficient and effective water services institutional arrangements.

The table below provides a short summary of the objectives of the Water Master Plan:

Water Master Plan
Updating of the existing bulk water system information; Investigation of future water demands; Modeling of the existing bulk water system; Investigation of future bulk infrastructure requirements; and Determining the capital requirements based on the different development scenarios. Eradicating the backlogs by providing access to quality drinking water to all communities

The future water demand for Knysna Municipality in terms of Annual Average Daily Demand (AADD) can be summarized as follow:

The future water demand for Knysna Municipality in terms of Annual Average Daily Demand (AADD) can be summarized as follow:

District	AADD Existing (2005) KI	AADD 5 year (2010) KI	AADD 10 year (2015) KI	AADD 25 year (2030) KI
Platbos	Outside of	urban	edge	3 813
Central	3 066	3 403	3 648	1 839
North	1 295	1 554	1 839	5 535
East	3 217	4 101	5 053	4 096
South East	2 011	3 158	3 718	15 283
Total Eastern Sector	9 589	12 216	14 257	15 283
Eastford	442	1 232	1 732	2 081
Welbedacht	144			

⁵ 7.6.1 Water & Sanitation, IDP Review 2015/2016

District	AADD Existing (2005) KI	AADD 5 year (2010) KI	AADD 10 year (2015) KI	AADD 25 year (2030) KI
Welbedacht/Eastford		444	644	744
Knysna River West	Outside of urban edge			
Belvidere	369	431	491	551
Brenton	547	832	1 117	1 387
Total Western Sector	1 502	2 939	3 984	4 763
Totals	11 091	15 155	18 241	20 046

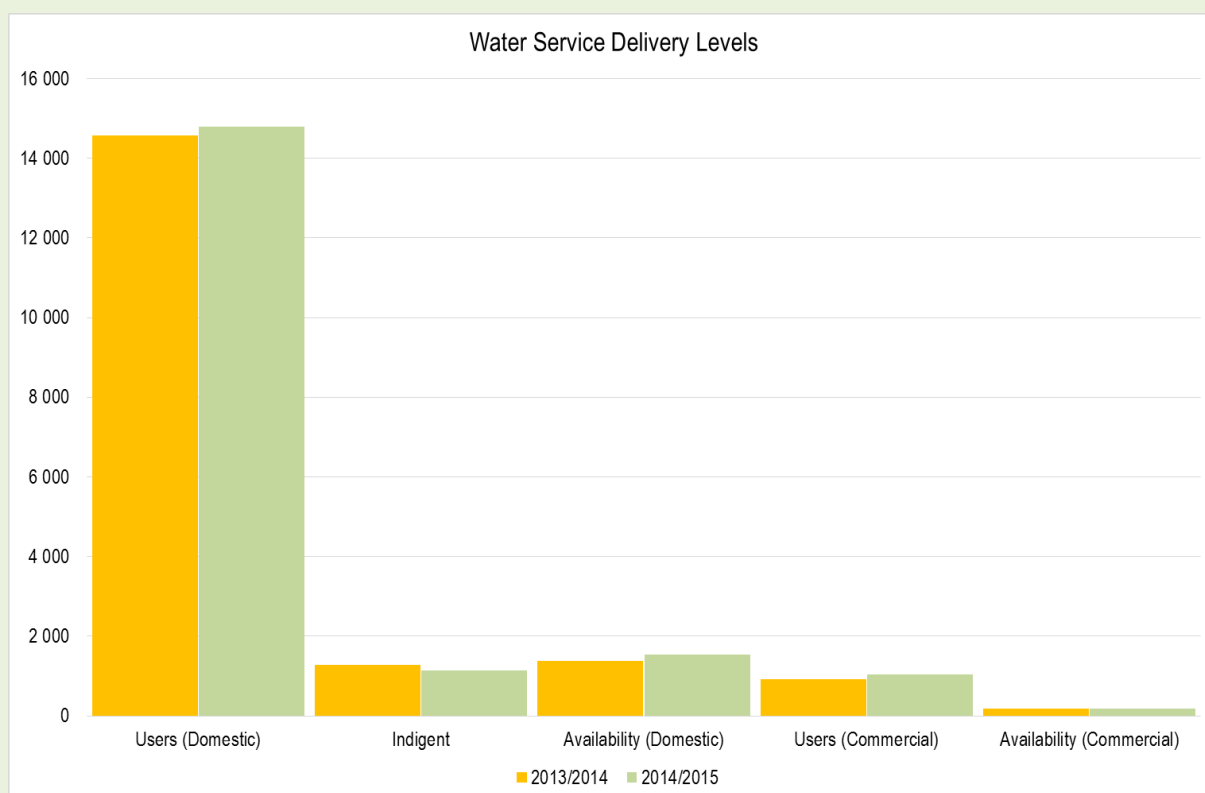
The response required for water can be summarised as follows:

Response Required	Municipal Action	Progress
All areas under Knysna's jurisdiction have access to clean water	Planning to address the backlogs with MIG funding allocated	Phase 1 is currently underway to first determine the status quo
Eradication of water provision backlogs	Backlogs addressed with roll out of housing programme	Planning is done in conjunction with the reviewed Human Settlement Plan
Ensure long term water security	Participation in the RBIG water security project between Bitou and Knysna which is facilitated by Eden District Municipality	RBIG application has been approved and the planning process for the project is currently underway
Blue drop status	Improve institutional capacity as well as implementing effective maintenance and administration procedures at all systems Knysna Water Treatment Works missed the threshold for Blue Drop status with 0.04%	Mechanisms will be put in place to ensure blue drop status for Knysna Water Treatment Works next year Capital program at Rheenendal will address failures in the system
Operational and maintenance plan	Operational plans to be implemented within the available budget Explore alternative funding opportunities to address shortfalls	Continuous
Water Services Development Plan	Review and updating of plan	The WSDP was reviewed and adopted by Council in December 2014
Water Master Planning	Review and updating of plan	Phase 1 will be completed in the current financial year. The master plan has also been aligned to underpin the catalytic projects identified in the draft ISDF

Water conservation & demand management	Strategy to be implemented to ease the burden on the existing water resources	A technical committee has been formed to deal directly with water demand & conservation management

Figures contained in the table are extracted from the municipal finance system. And refer to the

Water Service Delivery Levels			
Description	2013/2014	2014/2015	User Access
	Actual	Actual	Change
<u>Water:</u>			
Domestic	17 229	17 472	1.4
Users	14 573	14 277	1.6
Indigent	1 277	1 655	(11.4)
Availability	1 379	1 540	11.7
Commercial	1 115	1 223	9.7
Users	925	1 044	12.9
Availability	190	179	(5.8)
Total number of users	18 344	18 695	1.9



Graph 2: Water Service Delivery Levels

Water Service Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target ⁶		
The number of single residential properties with access to basic level of water. (TL2 – 2014/2015 and 2015/2016)	The indicator reflects the number of residential properties connected to the municipal water infrastructure network for credit Meters	Number	-	-	15 543	15 850	16 160	15 932	16 480	16 810	17 140
Limit water unaccounted for (TL55 – 2014/2015) (TL42 – 2015/2016)	This indicator measures unaccounted for water which represents the difference between "net production" (the volume of water delivered into the water network) and "consumption" (the volume of water that can be accounted for by legitimate consumption including the indigent consumption.) The reason for the high target due the shortfall of funds for infrastructure refurbishment.	Percentage	27	18.4	25	6.5	20	14.6	20	20	20
Produce class 0 quality drinking water (TL54 – 2014/2015)	Percentage of test that comply to with SANS (South African National Standard) 241 standards "SANS 241 specifies the quality of acceptable drinking water, defined in terms of microbiological, physical, aesthetic and chemical determinants, at the point of delivery." - ISBN 978-0-626-26115-3 This indicator measures the total of percentage achieved by all water treatment works in the Greater Knysna area.	Percentage	90	97	90	98	90	98	90	90	90
Annual review of the Water and Sewer Master-Plan (TL53 – 2014/2015)	The Water and Sewer Master-Plan is approved by Council every five years (2010 current approval) and reviewed annually. The plan assists the Municipality to fulfil its obligation to ensure to ensure sustainable access to clean and affordable water to all citizens in its area of jurisdiction. The WSDP must also incorporate Water and Sewer Master-Plan.	Number	-	-	1	0	1	0 ⁷	1	1	1
Blue Drop (TL41 – 2015/2016)	Improve the average Blue Drop score for greater Knysna by improve institutional capacity as well as implementing effective maintenance and administration procedures at all systems	Percentage	-	-	-	-	-	-	90	91	92

⁶ Future year targets are taken from the latest approved SDBIP

⁷ Measures taken to address none achievement of performance indicators are set out in Component K: Organisational Performance Scorecard

Water Service Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target ⁶		
Water Master plans (TL43 – 2015/2016)	Complete all Master plans projects programmed for the financial year within the available budget.	Percentage	-	-	-	-	-	-	100	-	-

Employees: Water Services							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0	0%
10 - 12	6	6	6	7	4	3	43%
7 - 9	8	8	7	8	8	0	0%
4 - 6	16	16	17	17	17	0	0%
0 - 3	30	28	26	35	35	0	0%
Total	60	58	56	67	64	3	4%

Financial Performance: Water Services							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	65 496	72 858	72 858	76 963	6 %	6 %	
Expenditure:							
Employees	12 919	13 508	13 808	14 213	5 %	3 %	
Repairs and Maintenance	3 731	4 442	5 242	5 419	22 %	3 %	
Other	30 025	28 481	28 634	33 031	16 %	15 %	
Total Operational Expenditure	46 675	46 432	47 685	52 663	13 %	10 %	
Net Operational Expenditure	(18 821)	(26 426)	(25 173)	(24 300)	(8)%	(3)%	

Capital Expenditure: Water Service							R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)	
Total All	18 794	19 423	18 072	(4%)	(7%)	69 007	
Rheenendal new Water Treatment Works	7 259	6 487	6 885	(5%)	6%	9 891	
North and North East Bulk Water Phase III	3 400	2 068	2 204	(35%)	7%	23 512	
Ancillary Sedgefield Water Treatment Works (Cloud 9 pipeline)	2 969	2 969	3 072	3%	3%	4 501	
Charlesford Pumping Scheme	2 782	2 782	2 776	(0%)	(0%)	11 310	
Total of Sundry Projects	2 384	5 117	3 136	32%	(39%)	19 793	

Overall Water Services Performance

The water services section performed satisfactorily during the financial year, but can improve if they work more efficiently. The department was faced with challenges and in certain instances

failed to achieve certain standards and thus the department did not receive Blue Drop for all the water plants. Furthermore certain projects could not be completed due to a lack of funding and the failure of National and Provincial departments to process matters expeditiously. The final challenge relates to the acquisition and retention of the necessary skilled personnel to assist in the implementation of projects, as well as on-going management of the service.

3.2 WASTE WATER (SANITATION/SEWER) PROVISION

INTRODUCTION TO WASTE WATER TREATMENT⁸

To give effect to the strategic objective of Knysna Municipality to provide infrastructure for basic services and ensure a safe and healthy environment, Council has made considerable investment in its infrastructure development programme. That is why good sanitation services exist in the municipal area where the majority of the residential areas have waterborne sanitation. However, some areas still rely on septic tanks, notably Leisure Island and Sedgefield. The servicing of septic tanks becomes increasingly demanding during the peak holiday season when most of the holiday homes are occupied and require more frequent emptying.

The municipality does have adequate capacity and resources available to cope with such demand. More than 76 % of households in the urban area had access to flush toilets, septic tanks or chemical toilets in 2011. This figure can certainly improve to eradicate the backlogs and provide equal access to basic sanitation services to all households in the GKMA if more funding can be secured from national & provincial government in this regard.

FUNCTIONAL PERSPECTIVE⁹

The table below provides a short summary of the objectives of the Water and Sanitation Master Plans:

Sanitation Master Plan
Updating of the existing bulk sewer system information; Investigation of future infrastructure requirements; Modeling existing infrastructure for new developments Determining the capital requirements; and. Providing sanitation services to all communities in the GKMA

⁸ 4.8.1 Provision of water, IDP Review 2015/2016

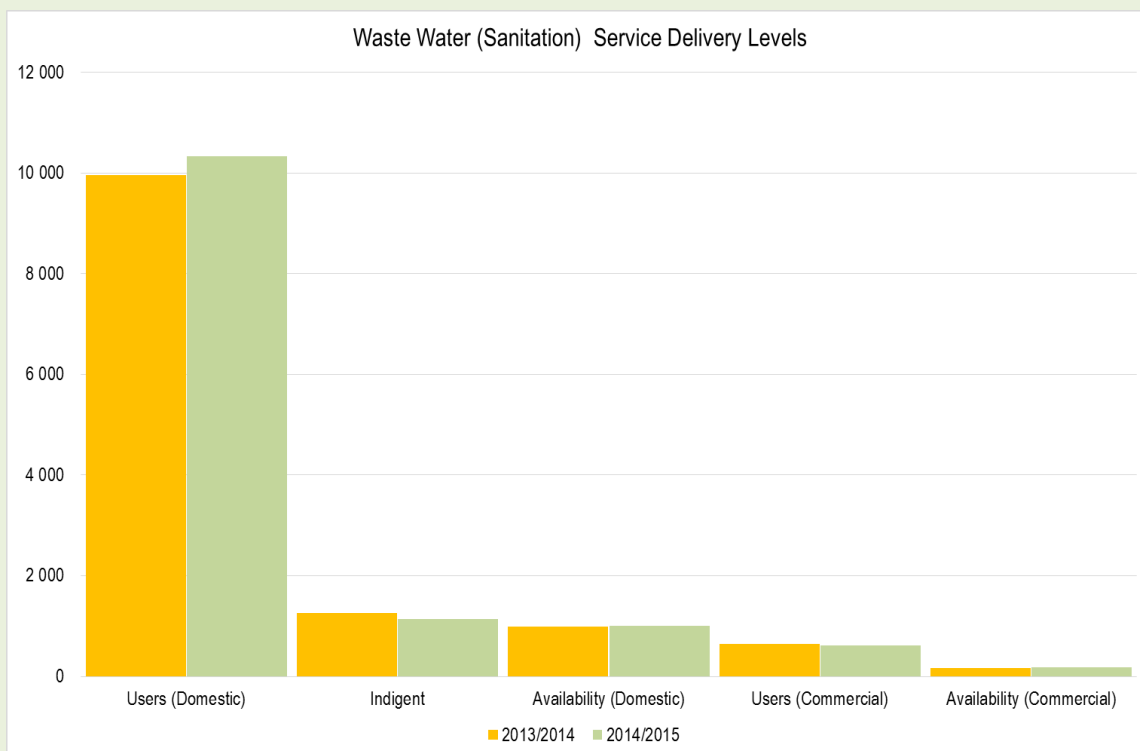
⁹ 7.6.1 Water & Sanitation, IDP Review 2015/2016

The response required for sanitation can be summarised as follows:

Response Required	Municipal Action	Progress
Green drop status	Improve institutional capacity as well as implementing effective maintenance and administration procedures at all systems	Capital improvements currently underway at Knysna and Sedgefield Waste Water Treatment works
Eradication of sanitation backlogs	Backlogs addressed with roll out of housing programme	Planning is done in conjunction with HSP
Knysna & Sedgefield WWTW's operating under strain and upgrading must occur	Future project	To be submitted to 2015/16 Capital Budget prioritisation process
Sludge management must receive attention	On going	Contract has been concluded with a private farmer who utilises the sludge for fertiliser
Sewer Master Plan	Review and updating of plan	Phase 1 will be completed in the current financial year and is aligned with draft ISDF

Figures contained in the table are extracted from the municipal finance system.

Waste Water (Sanitation) Service Delivery Levels			
Description	2013/2014	2014/2015	User Access
	Actual	Actual	% Change
<u>Waste Water (Sanitation):</u>			
Domestic	12 212	12 472	2.1
Users	9 952	9 814	3.9
Indigent	1 264	1 655	(10.5)
Availability	996	1 003	0.7
Commercial	818	794	(2.9)
Users	647	620	(4.2)
Availability	171	174	1.8
Total number of users	13 203	13 266	0.5



Graph 3: Sanitation Service Delivery Levels

During November 2011, the provincial Department of Human Settlements, in collaboration with the Municipality, compiled an Informal Settlement Database in terms of access to basic services which included water and sanitation. A survey was conducted to identify informal settlements where the minimum requirements of 5 households per sanitation facility and 25 families per water tap were not met, and a budget to remedy this situation was allocated accordingly. The Access to Basic Services has improved the accessibility to sanitation in all informal settlements in the GKMA.

Knysna Municipality places a high priority on sanitation services and one of the Municipality's greatest challenges regarding sanitation is to expand the infrastructure to meet future development requirements. The Council realises that the achievement of its strategic objectives relies heavily on the establishment of proper infrastructure for basic service delivery and the maintenance thereof. None of the existing seven waste water treatment works in the GKMA has Green Drop Status and the municipality is continuously improving its efforts to achieve Green Drop Status for its major systems. The functioning of the Knysna waste water treatment works was of critical concern given its proximity to the estuary and the aged infrastructure. A major upgrade and refurbishment of the Knysna waste water treatment works is now complete and will allow additional capacity to the sewerage works. This will certainly unlock business development potential, attract investment to the area and facilitate the implementation of residential development. A proper final effluent quality control programme is functional to minimise the risk of pollution of the estuary and ground water sources. The outflow from the plant is monitored by the Eden District Municipality, and this monitoring includes monitoring several sites in the Knysna estuary.

Waste Water (Sanitation) Service Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target ¹⁰		
The number of single residential properties with access to basic level of sanitation. (TL3 – 2014/2015 and 2015/2016)	The indicator reflects the number of residential properties that the Municipality is aware of connected to the municipal waste water (sanitation/sewerage) network irrespective of the number of water closets (toilets).	Number	10 440	9 905	10 450	11 216	11 440	11 469	11 670	11 900	12 140
Funding first phase CBD sewer reticulation (TL60 – 2014/2015)	Submit a report to Council on the possible sources of funding for the financing of the first phase (Grey Street sewer line) sewer reticulation.	Number	-	-	-	-	1	0	-	-	-
Funding first phase Hornlee toilets (TL61 – 2014/2015)	100% expenditure of budget allocation for the upgrading of Hornlee toilets as per the 2013 Hornlee Sewer Investigation Report	Number	-	-	-	-	1	0 ¹¹	-	-	-
Green Drop (TL44 – 2015/2016)	Improve the average Green Drop score for greater Knysna by improve institutional capacity as well as implementing effective maintenance and administration procedures at all systems	Percentage	-	-	-	-	-	-	78	79	80
Waste Water Master plans (TL45 – 2015/2016)	Complete all Master plans projects programmed for the financial year within the available budget.	Percentage	-	-	-	-	-	-	100	-	-

¹⁰ Future year targets are taken from the latest approved SDBIP

¹¹ Measures taken to address none achievement of performance indicators are set out in Component K: Organisational Performance Scorecard

Employees: Sanitation Services							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0	0%
10 - 12	0	0	0	1	1	0	0%
7 - 9	4	4	3	3	2	1	33%
4 - 6	6	7	8	8	8	0	0%
0 - 3	22	24	23	26	24	2	8%
Total	32	35	34	38	35	3	8%

Financial Performance: Sanitation Services							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	17 516	19 315	19 315	20 395	6 %	6 %	
Expenditure:							
Employees	6 459	6 608	6 608	7 229	9 %	9 %	
Repairs and Maintenance	2 191	1 641	2 261	3 908	138 %	73 %	
Other	14 605	9 615	9 284	17 051	77 %	84 %	
Total Operational Expenditure	23 255	17 863	18 152	28 189	58 %	55 %	
Net Operational Expenditure	5 739	(1 452)	(1 163)	7 794	(637)%	(770)%	

Capital Expenditure: Sanitation Services							R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)	
Total All	2 720	7 576	4 141	52%	(45%)	18 460	
Upgrade Central Business District Sewer		4 666	2 373		(49%)		
Biodiscs: Belvidere Waste Water Treatment Works		800	711		(11%)		
Upgrade Hornlee Sanitation/Toilets	500	500		(100%)	(100%)	500	
Extension Knysna Waste Water Treatment Works		400			(100%)		
Total of Sundry Projects	2 220	1 210	1 057	(52%)	(13%)	17 960	

Overall Sanitation Services Performance

Based on the on the budget received and other resources the department performed satisfactorily considering the following:

- Critical shortage of human resources with requisite experience;

-
- Insufficient funding to provide equal services to the whole community; and
 - Old infrastructure resulting in effluent not to special standards.

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY¹²

The provision of sustainable and affordable electrical services is one of the corner stones of any vibrant economy and Knysna Municipality is no exception. Currently the municipality has adequate capacity to deliver bulk electricity services for any current or future residential or commercial developments in the area. A constraint to attracting future developments and investment is the affordability of electricity which might compromise the economic viability of intended development projects. ESKOM initially applied to the National Energy Regulator of South Africa (NERSA) for a 16% increase annually for a period of 5 years and has recently followed it up with a request for 25% increase. The municipality managed to keep the increase in electricity tariffs marginally lower than the prescribed NERSA increases, but it is expected that an increase of 14.5% for the 2015/16 financial year is inevitable. This will certainly have a negative effect on business as well and ordinary households in general, especially in the wake of ever increasing fuel price hikes.

The electricity tariffs of Knysna Municipality are well placed if compared with other leading authorities in the Western Cape Province and the free basic electricity only applies to indigent households. The gross average per unit cost of electricity for Knysna is 113c/kWh compared to Swellendam at 115c/kWh, Hessequa at 109c/kWh, Bitou at 100c/kWh. The major users of electricity are domestic users followed by businesses that are currently at 30% of total usage. This consequently can mainly be attributed to the decline in the local economy.

A minimum requirement for the electrification of residential areas is that formal planned township development must have taken place particularly in informal settlements. The municipality receives its funding for electrification projects from the National Department of Energy. The lead time for any funding applications to the Department of Energy is approximately two years and that is why ESKOM and the Electro-Technical Department of the municipality have to be involved in any planned developments to submit funding applications for electricity provision timeously.

Electricity is one of the major income generators for the municipality. Electricity and street lighting are provided to all formal households and electricity and street or high mast lights to most informal areas in the Greater Knysna region. 88% of households in Knysna Municipality have electricity available for lighting, while 10% used paraffin. Some areas do experience power outages (both planned and unplanned) but the frequency thereof is not outside of acceptable norms. The areas mostly affected by unplanned outages are the rural areas where overhead line systems are exposed to storms and lightning, as well as birds flying into lines and monkeys climbing up the electricity poles. ESKOM has once again introduced load shedding across the country because of limited capacity and technical difficulties experienced at its major power stations.

¹² 4.8.4 Electricity, IDP Review 2015/2016

The mushrooming of informal settlements in areas such as Hlalani, Oupad, Edameni, Ethembeni, Happy Valley, Gaatjie, Sizamile and Nekkie creates the continuous need for additional electrification capacity. Continuous requests for electrification has emerged from remote agricultural and forestry villages such as Brackenhill, Diepwalle, etc. Most of these settlements are located on private land and the whole issue of provision of basic services linked to a feasible funding model is being discussed between local government and the other spheres of government on a national level. The following projects are going to be embarked on in order to address the aforementioned challenges:

- The municipality is installing a new 20MVA Power Transformer at the Main Intake substation in Knysna and at the upgrading of the Workshop substation, Shamrock Street substation and Sedgfield East substation;
- Council also budgeted for counter funding for the electrification of a number of informal areas which are incorporated into designated township layouts. The bulk of this funding for this reticulation is from the Department of Energy ; and
- The Department has also committed itself to provide funds for the upgrading of the bulk infrastructure in the Northern Areas of Knysna which is currently at capacity.

For a number of years Council had to apply strict conditions to land use and development applications due to the electricity consumption for the GKMA being at capacity. ESKOM has completed the upgrading of the line between Blanco, George and Bitou as well as the building of a new 132 kV overhead line to Knysna. This new supply line has freed up considerable electricity capacity. Another challenge for Knysna Municipality is the loss of electricity due to a number of factors. Electricity distribution losses increased slightly from 10.79% in 2012/13 to in 10.87% 2013/14. To minimise such losses all bulk meters have been inspected to ensure correct reading and a process of visiting all pre-paid meters is in process. Furthermore as part of Council's revenue enhancement program the roll-out of pre-paid meters will be escalated to allow the municipality to load service arrears onto pre-paid systems to ensure customers pay for all municipal services.

FUNCTIONAL PERSPECTIVE¹³

The municipality recently reviewed the Medium Voltage (MV) distribution network master plan in order to ensure that the electricity network is able to accommodate all planned developments for the next five years. The objectives of this master plan are:

- To identify the network components that need to be augmented to address the immediate challenges in terms of electricity distribution
- To cater for longer term load growth and new township developments culminating from the ISDF process
- To serve as a basis for any new construction initiatives so that it can be carried out in a planned and phased manner without putting unnecessary pressure on the existing electricity infrastructure
- To serve as a business plan for the implementation of the augmentation work with proper costing, deliverables and timeframes

¹³ 7.6.2 Planning for electricity provision, IDP Review 2015/2016

- To ensure that the electricity network comply with relevant safety and quality standards

Knysna Municipality has been improving the electricity infrastructure by implementing a number of infrastructure related projects in the last couple of years. All formalized areas have access to street lighting, as well as informal areas which are under the UISP housing programme. A Master Plan has been compiled for high mast lighting in the Northern Areas and a funding application has been submitted to MIG in this regard. A total of 7 high mast lights will be installed all over the GKMA where the need has been identified. This will have a significant impact in the safety situation of those areas.

Knysna Municipality does not have a long term strategy to explore alternative energy sources, but it does promote and support private initiatives to explore the generation of energy through bio-gas and wind farms in the area. Major strides have already been made with regards to the exploring of Waste to Energy opportunities in conjunction with the Eden District Municipality. Council has also appointed service providers to roll-out water geysers to the impoverished areas and 150 installations were completed in the previous financial year. The project had to be suspended because ESKOM and the Department of Energy are currently reviewing their funding model in this regard. This aspect will be highlighted in the Climate Change Adaptation Strategy that will be developed as part of the brief for the development of the Integrated Strategic Development Framework.

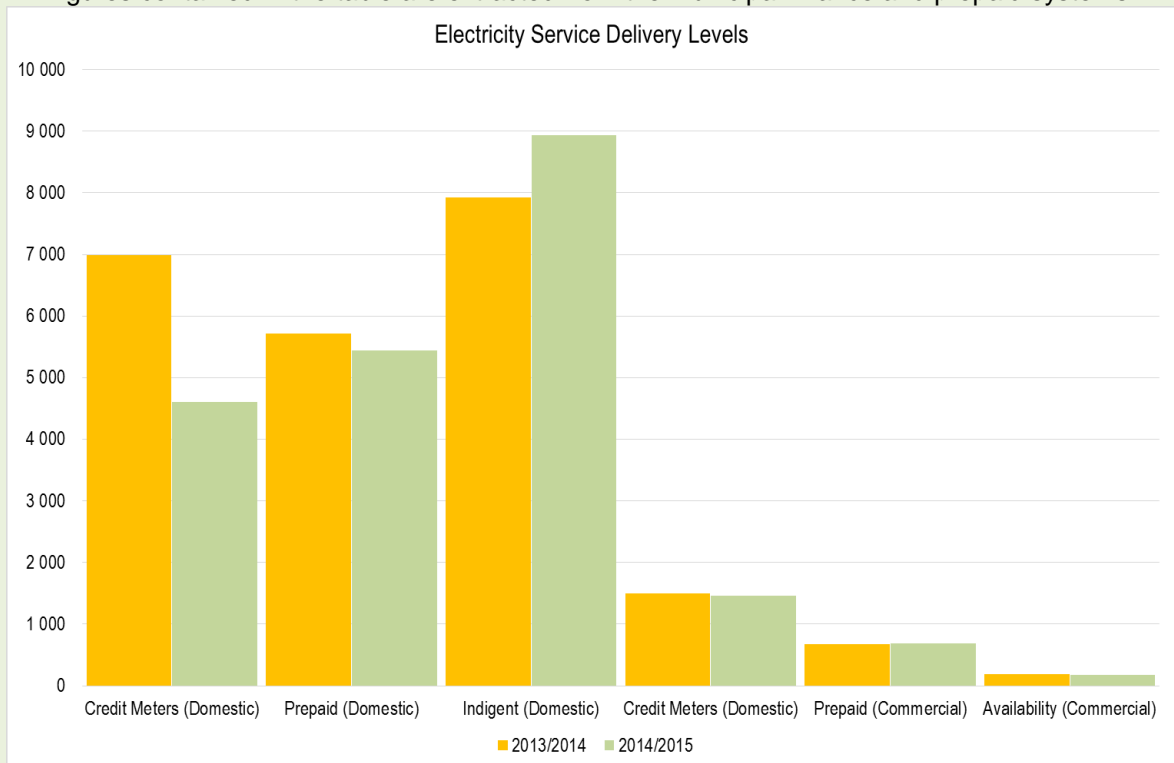
The response required for electricity can be summarised as follows:

Response Required	Municipal Action	Progress status	Timeframe
Implementation of the Medium Voltage (MV) distribution network master plan	Implementation of the electricity infrastructure projects identified in the MV master plan	Costing of projects is currently underway in order to submit funding applications to Department of Energy and other funding institutions	2015/16
Backlogs and infrastructure upgrading	Ring supply of electricity in Sedgefield	In progress	2015/2016
	Ring supply of electricity in Knysna Industria	Planning and design is currently underway	
	Upgrading of the Saltriver-Brenton power line	In progress	
	Upgrading of switching station in Hornlee	In progress	
	Capturing of network data for Knysna & Sedgefield	This is an on-going process as the electrical network grows continually.	
	Electrification planning for Ou Pad and Nekkies East	Planning and construction is completed. Consumers may apply for service connections.	
Ensuring reliable public lighting	<ul style="list-style-type: none"> - Installation of high mast lighting - Repairing & replacing of street lights where required 	Funding has been secured for the installation of 7 X high mast lights. The tender has already been awarded for the installation of the lights	2015/2016
Alternative energy sources	Installation of solar water heaters in low-income households	Waiting for Eskom & Department of Energy to review the future roll-	2015-2017

Response Required	Municipal Action	Progress status	Timeframe
		out of this national programme	
	Partnership with Eden District Municipality to explore alternative energy sources	On going	2015-2017
Operational and maintenance plan	Maintenance is done on an on-going basis within the constraints of the operational budget	On going	2015 – 2017
	Putting the existing overhead electricity network underground	In progress	2015/2016
	Relocation of the power transformer to Eastford	Construction is underway	
	Conversion of analogue repeaters to digital	In progress	2015/2016

Electricity Service Delivery Levels			
Description	2013/2014	2014/2015	User Access
	Actual	Actual	% Change
<u>Electricity:</u>			
Domestic	21 997	20 381	(7.3)
Credit Meters	6 990	4 599	(34.2)
Prepaid	5 709	5 444	(4.6)
Indigent	7 919	8 933	(12.8)
Availability	1 379	1 405	1.9
Commercial	2 360	2 324	(1.5)
Credit Meters	1 493	1 460	(2.2)
Prepaid	677	686	1.3
Availability	190	178	(6.3)
Total number of users	24 357	22 705	(6.8)

Figures contained in the table are extracted from the municipal finance and prepaid systems.



Graph 4: Electricity Service Delivery Level

Electricity Service Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target ¹⁴		
The number of single residential properties with access to basic level of electricity. (TL1-2014/2015 and 2015/2016)	The number of single residential properties with access to basic level of electricity. Indicator Definition The indicator reflects the number of residential properties connected to the municipal electrical infrastructure network for both credit and prepaid metering.	Number	18 000	20 568	18 250	20 618	20 670	18 976	20 720	20 770	20 820
Installation of new electrical connections. (TL58 – 2014/2015)	New electrical connections in Oupad, Nekkies East and Managed Land Site with funding from obtained from the Department of Energy.	Number	-	-	-	-	122	80 ¹⁵	-	-	-
Installation of housing units electrical prepaid meters (TL38 – 2015/2016)	Utilize approved Integrated National Electrification Programme (INEP) funding to electrify all housing units completed by Housing Department within the financial year 95% of completed housing units electrified	Percentage	-	-	-	-	-	-	95	95	95
Limit electricity unaccounted for by maintaining a loss percentage equal to or less than 10% (TL27 – 2015/2016)	This indicator measures unaccounted for electricity which represents the difference between "net purchases" (the volume of electricity purchased from Eskom) and "consumption" (the volume of electricity consumption (sales) including indigent consumption.)	Percentage	-	-	-	-	-	-	≤10	≤10	≤10
Electrical Master plans (TL39 – 2015/2016)	Complete all Master plans projects programmed for the financial year within the available budget.	Percentage	-	-	-	-	-	-	100	-	-

¹⁴ Future year targets are taken from the latest approved SDBIP

¹⁵ Measures taken to address none achievement of performance indicators are set out in Component K: Organisational Performance Scorecard

Employees: Electricity Services							
Job Level	2011/2012	2012/2013	2013/2014	2013/2014			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	1	1	1	1	0	1	100%
13 - 15	0	0	0	0	0	0	0%
10 - 12	12	13	13	16	13	3	19%
7 - 9	1	1	1	2	1	1	50%
4 - 6	8	8	8	9	8	1	11%
0 - 3	9	9	9	9	8	1	11%
Total	31	32	32	37	30	7	19%

Financial Performance: Electricity Services							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	200 130	211 020	206 020	203 814	(3)%	(1)%	
Expenditure:							
Employees	9 193	10 095	10 095	9 393	(7)%	7)%	
Repairs and Maintenance	6 454	9 202	8 832	4 444	(52)%	(50)%	
Other	129 493	159 820	149 650	131 194	(18)%	(12)%	
Total Operational Expenditure	145 140	179 118	168 578	145 030	(19)%	(14)%	
Net Operational Expenditure	(54 990)	(31 902)	(37 442)	(58 784)	84 %	57 %	

Capital Expenditure : Electricity Services							R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)	
Total All	13 341	13 341	11 909	(11)%	(11)%	59 613	
Asset replacements and Refurbishments	4 500	4 400	5 404	20%	23%	15 188	
Electrification Northern Areas		1 754	714		(59)%		
North and North East Street Lights	1 667	1 667	1 612	(3)%	(3)%	3 940	
20MVA; 66/11kV Transformer	1 200	1 200	976	(19)%	(19)%	9 200	
Total of Sundry Projects	5 974	4 320	3 203	(46)%	(26)%	31 284	

Major Towns	Notified Maximum Demand (NMD)	Maximum Demand Growth (MDG)	Maximum Demand Peak (MDP)
2011/2012			
Knysna	32 000 kVA	-1.18%	27 889 kVA (July 2011)
Eastford	4 000 kVA	-9.59%	3 740 kVA (July 2011)
Sedgefield	7 200 kVA	1.71%	6 338 kVA (July 2011)
Buffalo Bay	650 kVA	0.34%	546.85 kVA (December 2011)

Major Towns	Notified Maximum Demand (NMD)	Maximum Demand Growth (MDG)	Maximum Demand Peak (MDP)
Karatara Welfare Village	400 kVA	-6.87%	238.54 kVA (July 2011)
Karatara Forest Village	300 kVA	-17.81%	107.87 kVA (July 2011)
2012/2013			
Knysna	32 000 kVA	0.71%	28 086 kVA (July 2012)
Eastford	5 700 kVA	15.03%	4 302 kVA (July 2012)
Sedgefield	8 000 kVA	1.17%	6 412 kVA (July 2012)
Buffalo Bay	650 kVA	6.46%	582.15 kVA (December 2012)
Karatara Welfare Village	400 kVA	3.31%	246.43 kVA (July 2012)
Karatara Forest Village	300 kVA	1.17%	109.13 kVA (June 2013)
2013/2014			
Knysna	32 000 kVA	-7.86%	25 877 kVA (July 2013)
Eastford	5 700 kVA	32.87%	5 716 kVA (June 2014)
Sedgefield	8 000 kVA	-3.77%	6 170 kVA (July 2013)
Buffalo Bay	650 kVA	3.423%	602.08 kVA (December 2013)
Karatara Welfare Village	400 kVA	17.79%	290.28 kVA (Mar 2014)
Karatara Forest Village	300 kVA	-8.93%	99.38 kVA (Aug 2013)
2014/2015			
Knysna	32 000 kVA	-4.24%	24 779 kVA (July 2014)
Eastford	5 700 kVA	-18.4%	4 664 kVA (June 2015)
Sedgefield	8 000 kVA	6.84%	6 592 kVA (July 2014)
Buffalo Bay	650 kVA	-0.83%	597.07 kVA (December 2014)
Karatara Welfare Village	400 kVA	-19.55%	233.54 kVA (Mar 2015)
Karatara Forest Village	300 kVA	-2.89%	96.51 kVA (Aug 2014)

Financial Year	Percentage Loss	Increase (Decrease)
2010/2011	6.87	(0.73)
2011/2012	8.72	1.85
2012/2013	10.86	2.14
2013/2014	10.97	0.11
2014/2015	5.4	(5.57)

Overall Electrical Services Performance

Based on the on the budget received and other resources the department performed satisfactorily considering the following:

- Limited availability of resources.
- Lack of town establishment in informal settlements

INTRODUCTION TO WASTE MANAGEMENT¹⁶

Knysna Municipality renders a very effective refuse removal service to the majority of households in the Greater Knysna Municipal Area. In 2014 an overall 98% of households in Knysna Municipality were estimated to have their household refuse removed at least once a week by the municipality. If only the formal households are taken into account this figure goes up to 100%. The 2% which the municipality does not provide the service yet is mostly on the surrounding farms and remote rural areas. Certain farmers in the area however prefer to do their own waste management that complies with waste management legislation. SANParks and the Department of Agriculture, Fishery and Forestry also make use of private service providers for refuse removal at their villages.

This is a core function of the municipality but in some instances, particularly the Northern Areas in Knysna this service has been outsourced to emerging businesses which contributes towards the economic development programme of the municipality. Proper Service Level Agreements (SLA) has been entered into between Knysna Municipality and the respective service providers to ensure that the quality and frequency of the refuse removal service is not compromised. The refuse is transferred to a landfill site outside of Knysna at Petro SA, near Mossel Bay, which complies with the national dumping site requirements. This particular landfill site is near its capacity and still has an estimated lifespan until 2016. The Eden District Municipality is in the process of establishing a new regional landfill site adjacent to Petro SA in Mossel Bay. The license for the site has already been issued by DEA&DP and will be operational from 2016. This landfill site has an expected lifespan of approximately 50 years.

The Municipality has identified two sites in Knysna and Sedgefield respectively to be accredited as garden and builder's waste dumping sites. The municipality has applied for a license from the Department of Environmental Affairs and Development Planning for the Knysna site and is awaiting approval from them. Some challenges are currently delaying the operation of the site earmarked for Sedgefield simply because it falls under the jurisdiction of neighbouring George Municipality. Discussions are currently underway with George Municipality to iron out some legal matters in this regard.

FUNCTIONAL PERSPECTIVE WAST MANAGEMENT¹⁷

Waste Management is a core function of local government and a basic service delivered by Knysna Municipality. It is also a major generator of revenue for the municipality and therefor Knysna Municipality has to put mechanisms in place to deliver this service on a sustainable basis in the most cost-effective way. Section 11.4 of the Waste Act (59 of 2008) requires local municipalities to develop Integrated Waste Management Plans. The IWMP of Knysna Municipality was adopted in 2006 and serves as an effective institutional framework for the following purpose:

- Pollution and waste minimization;
- Impact management and remediation;
- Holistic and integrated planning with the intention to develop mechanisms to ensure that integrated pollution and waste management considerations are integrated into the development of government policies, strategies and programmes; and

¹⁶ 4.8.5 Waste Management, IDP Review 2015/2016

¹⁷ 7.6.4 Integrated Waste Management, IDP Review 2015/2016

- Alignment of waste management with all spatial and economic development planning processes within the municipal space.

The Integrated Waste Management Plan (IWMP) was reviewed and updated in January 2014 to bring it in line with the policy shift as illustrated in the National Waste Management Strategy. The Integrated Waste Management Plan will focus on a system that will ensure the least possible volumes of waste land up at engineered landfills. Some of the key elements in the IWMP focus on the following aspects:

- Waste education;
- Waste Avoidance;
- Waste Reduction;
- Re- use & Re-cycling;
- Treatment of waste; and
- Disposal management at landfill.
- Effective law enforcement; and
- Material recovery and treatment plants.

The Council of Knysna Municipality has set a target of 15% less waste that lands up at the landfill site before 2015. This can only be achieved if effective awareness campaigns can be identified amongst the community and businesses to establish a culture of recycling at source and participate enthusiastically in waste minimization efforts. The rate of participation in recycling ranges between 9-15% and an intervention to improve this rate is to issue each household with a pack of recycling bags every three months. This program has picked up momentum in the last couple of years and we foresee a significant improvement in the participation rate. The municipality is going to embark on a comprehensive “Wise Up on Waste” education programme at schools which will focus on educating learners regarding the handling of certain types of waste and appropriate disposal thereof. The existing swap shops at certain primary schools will also assist in enhancing the re-cycling programme. One of the challenges to implement this awareness and education campaign for recycling is adequate human resources to champion this programme.

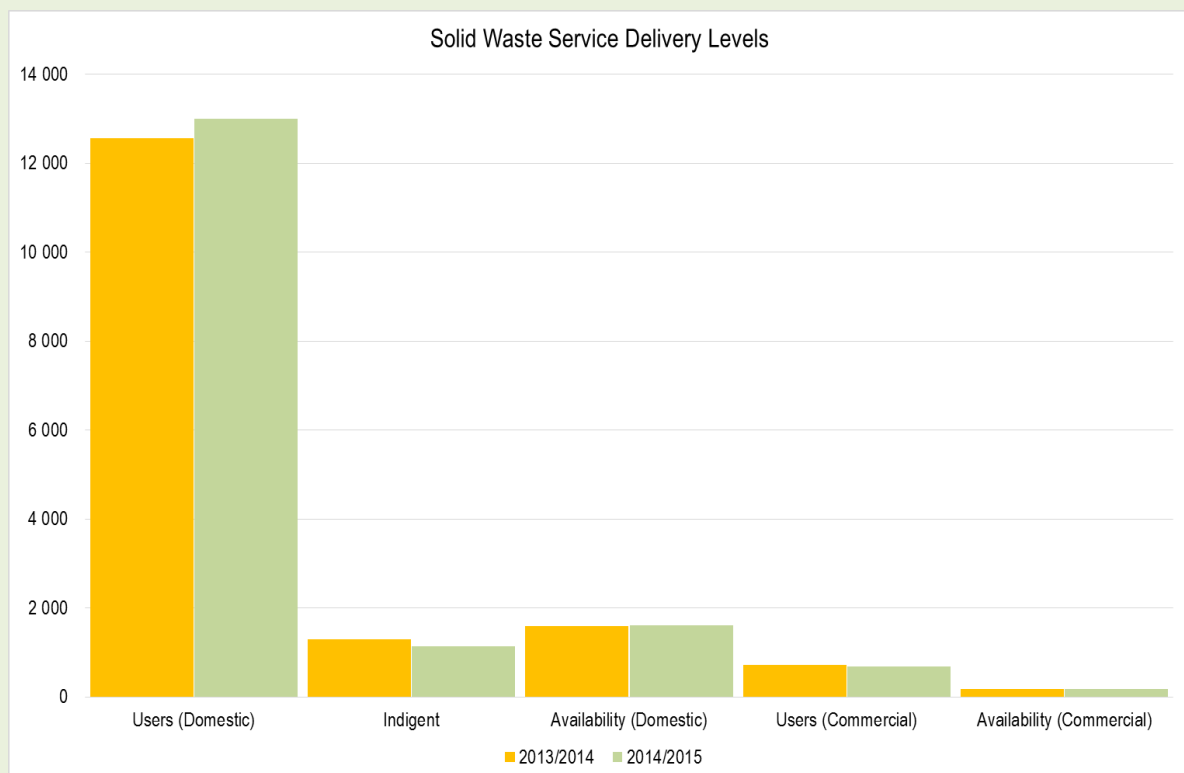
The municipality has sufficient capacity to collect refuse regularly on a weekly basis. This service is rendered to all residential areas which also includes all informal areas in all the wards. Access to informal plots in order to collect refuse is becoming a problem in the Northern Areas, with the uncontrolled development of informal houses, but with the formal ongoing housing program this should come to an end. Four garden waste sites, of which two are drop-off sites, and one builders’ rubble facility each for Knysna and Sedgefield is planned and the processes have started in respect of the development of these sites. Two recycling facilities are also in operation and the Sedgefield site has recently received its permit from the DEA&DP.

Knysna Municipality experiences a number of fundamental challenges in terms of effective waste management as indicated in the table below which also illustrates appropriate interventions required to address such challenges:

Response Required	Municipal Action	Progress Status	Timeframe
Effective waste removal	Actions to improve access to waste removal and quality of service	Waste removal system is functioning optimally 98% of all households have their refuse removed at least once a week	2015 -2017

Response Required	Municipal Action	Progress Status	Timeframe
Accredited waste sites for Knysna	Actions to maintain licences and/or improvements	Applications for accredited sites will be submitted to DEADP	2015/2016
Statutory approval for unlicensed waste sites	ROD for the sites has expired and a submission must be made in terms of the new requirements of the Waste Act.	Submission has been made to DEADP to revive the expired ROD for at least one of the 4 potential sites Decommissioning of other sites is currently underway	2015/2016
Garden refuse sites	Earmarking dedicated waste facilities for garden waste	Potential sites have been identified in Knysna & Sedgefield Discussions are underway with George Municipality for the utilisation of the site earmarked for Sedgefield	2015/2016
The municipality must increase capacity to align with the new requirements of the Waste Act.	Continuous engagement with Waste Management Forum as well as Provincial Government	Engagements with the relevant stakeholders take place on an on-going basis	2015 – 2017
Updated Integrated Waste Management Plan	Review of Integrated Waste Management Plan	The IWMP has been reviewed and updated and adopted by Council in January 2014	Done
Recycling, waste minimization initiatives need to be supported financially in order to become viable options and self-sustainable projects.	<ul style="list-style-type: none"> Implementing an effective awareness campaign to promote recycling at source Supplying households with recycling bags, information regarding recycling Collection of recyclables and transporting to authorised sites. 	<ul style="list-style-type: none"> Awareness campaign has started and is an on-going process Bags will be issued to all households by May 2015 Determining the feasibility of this initiative 	2015 – 2017
Wheelie bin system	<ul style="list-style-type: none"> Current implementation of wheelie bins to households needs to be rolled out and completed. Sufficient funding needs to be made available to explore alternative systems for removal of household refuse 	Phase 1 of wheelie bin system is already being implemented in 6 residential areas in Knysna	2015 – 2017
Approved applicable refuse receptacles to be provided to households without refuse bins.	A detailed study will be done on the rolling out of this initiative in the informal areas	Feasibility of this initiative must still be explored Funding model can be incorporated in the subsidy for Human Settlements	2016/2017

Solid Waste Service Delivery Levels			
Description	2013/2014	2014/2015	User Access
	Actual	Actual	% Change
<u>Solid Waste Removal:</u>			
Domestic	15 447	12 476	1.9
Users	12 566	13 000	3.5
Indigent	1 292	1 655	(12.5)
Availability	1 589	1 612	(1.4)
Commercial	898	869	(3.2)
Users	718	689	(4.0)
Availability	180	180	0
Total number of users	16 345	16 612	1.6



Graph 5: Solid Waste Service Delivery Levels

Waste Management Service Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target ¹⁸		
The number of single residential properties with access to basic level of solid waste removal. (TL4 – 2014/2015 and 2015/2016)	This indicator reflects the number of single residential properties receiving a weekly door to door refuse removal service this excludes vacant residential properties.	Number	13 240	12 793	13 250	13 858	14 130	14 131	14 410	14 700	14 990
Review of the Integrated Waste Management Plan – IWMP submitted to Council (TL39 – 2014/2015)	The Integrated Waste Management Plan - IWMP is a requirement by legislation. It is an integrated waste management system and process aimed at waste minimisation, managing the impact of waste on the receiving environment over the entire waste circle which includes waste generation, storage, collection, transportation, treatment and disposal of waste. It is intended to guide municipalities and their partners to move away from fragmented and uncoordinated waste management towards an integrated system. For 2015/2016	Number	-	-	-	-	1	1	-	-	-
Completion of draft Waste Management Infrastructure Plan (TL46 – 2014/2015)	Develop an effective maintenance plan to extend the lifespan of existing waste management infrastructure/assets	Number	-	-	-	-	1	0	-	-	-
Green waste sites. (TL37 – 2015/2016)	Establishment of a new green waste site in Knoetzie (Quarter three) and the closure and commencement of the rehabilitation process of the green waste site in Upper Old Place (Quarter four).	Number	-	-	-	-	-		2	-	-

¹⁸ Future year targets are taken from the latest approved SDBIP

Chapter 3

Employees: Solid Waste Management Services							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0	0%
10 - 12	2	2	2	4	4	0	0%
7 - 9	11	11	11	11	10	1	9%
4 - 6	4	5	4	7	7	0	0%
0 - 3	73	75	75	75	70	5	7%
Total	90	93	92	97	91	6	6%

Financial Performance: Solid Waste Management Services							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	22 801	26 158	26 158	25 965	(1)%	(1)%	
Expenditure:							
Employees	13 693	13 522	13 522	14 330	6 %	6 %	
Repairs and Maintenance	926	1 554	1 534	1 914	23 %	25 %	
Other	13 541	14 771	14 761	16 935	15 %	15 %	
Total Operational Expenditure	28 160	29 847	29 817	33 179	11 %	11 %	
Net Operational Expenditure	5 359	3 689	3 659	7 214	96 %	97 %	

Capital Expenditure: Solid Waste Management Services							R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)	
Total All	3 173	1 743	398	(87%)	(77%)	9 663	
Vehicle Replacements	1 343	1 343		(100%)	(100%)	4 783	
Purchase of Wheelie bins	400	400	398	(1%)	(1%)	800	
Establish Waste Facilities - Knysna	260			(100%)		2 260	
Establish Waste Facilities - Sedgfield	570			(100%)		920	
Total of Sundry Projects	600			(100%)		900	

INTRODUCTION TO HOUSING (HUMAN SETTLEMENTS)¹⁹

The latest projections indicate that there were approximately 23 282 formal households and 4303 informal households in the Greater Knysna Municipal Area in 2014. The provision of affordable housing units remains a high priority for the Council of Knysna Municipality in order to restore the dignity of poor people and provide them with proper shelter as enshrined in the Constitution of South Africa.

The biggest challenge is that the demand for housing grows annually out of proportion in correlation with the funding resources that are available. The topography of the area also makes it difficult to install bulk services and infrastructure for housing development and the construction of top structures. Because of the hilly terrain especially in the Northern Areas of Knysna and the lack of alternative land it becomes very costly to deliver quality housing units for the subsidy amount available from government. That is why the Department of Human Settlements of Knysna Municipality had to develop innovative strategies and approaches to ensure that adequate quality houses are being built in the area.

Some of the other fundamental challenges that influence housing delivery in Knysna Municipality include:

- Inadequate funding allocations for human settlement development;
- Limited availability of suitable land;
- Inadequate capacity of existing bulk infrastructure;
- Lengthy environmental and other statutory approval processes; and
- Alignment of identified pipeline projects

Despite the aforementioned challenges, Knysna Municipality has earned a relatively good reputation for delivering successful human settlement projects and spending the allocation provided by provincial government. It is anticipated that 100% of the R46 m DORA allocation for housing in the 2014/15 financial year will be spent by the end of June 2015 and it is estimated that R64 m will be allocated to Knysna Municipality for the 2015/16 financial year. The Department of Human Settlements in the Western Cape has normally increased its allocation for housing delivery to Knysna Municipality for the past couple of years which made it possible to increase the delivery of housing opportunities to more beneficiaries. It is doubtful that this will be repeated this year due to an extensive cut to the housing grants throughout the province. The human settlement process also poses very lucrative economic opportunities for local people and businesses. The Department of Human Settlement in Knysna Municipality promotes local labour and local procurement through all its projects and has provided business opportunities to 21 local contractors to the value of R7 m of which four of them are women contractors and one is living with disability. All housing projects in Knysna Municipality are implemented on EPWP principles and through the housing delivery process approximately 600 direct employment opportunities have been created in the 2013/2014 financial year.

Knysna Municipality has already delivered 3 500 serviced sites and 2 659 housing units through the different Breaking New Ground (BNG) options available during the last 5 year IDP cycle. The upgrading of informal settlements is visible and one of the main characteristics is the high quality aesthetics of the BNG housing units that are being built in the area. Knysna Municipality has already distinguished itself as one of the high performance municipalities in the Western Cape in respect of

¹⁹ 7.4.1 Current reality of Human Settlement, IDP Review 2015/2016

housing delivery and the municipality makes the extra effort in terms of innovation despite the challenge it faces in terms of the scarce land resources.

The Human Settlement Plan of Knysna Municipality is currently under review which will also incorporate a comprehensive pipeline with all the prioritised human settlement projects. The review of the HSP will form an integral part of the ISDF process with an attempt to integrate the Human Settlement Plan with other strategic planning documents including the Economic Development Strategy, Spatial Development Framework (SDF) and the Strategic Environmental Assessment (SEA).

The following housing opportunities were successfully implemented during the 2014/15 financial year:

• Serviced Sites	:	241
• Platforms	:	206
• Retaining Walls	:	206
• Foundations	:	250
• Top Structures	:	390

The abovementioned housing opportunities have however not made a significant dent in the housing waiting list simply because the focus has been on the upgrading of informal settlements as opposed to greenfields development. The reason for this focus is two-fold: to ensure the provision of basic services to all residents; and there is very little suitable and affordable land for greenfields development. At the current delivery rate it will take over 20 years to service the total waiting list, based upon the delivery of about 500 units per annum. There has been a shift in housing policy to focus on the provision of serviced sites as opposed to top structures. While this will assist in increasing delivery of services to all, it will however increase the load on the used infrastructure exponentially.

The current waiting list for accommodation is 9 595 as per the National Housing Demand Database which also include the applicants currently staying in the 4 303 informal dwellings.

The map below indicates the current residential areas of the applicants on the housing waiting list of Knysna Municipality:

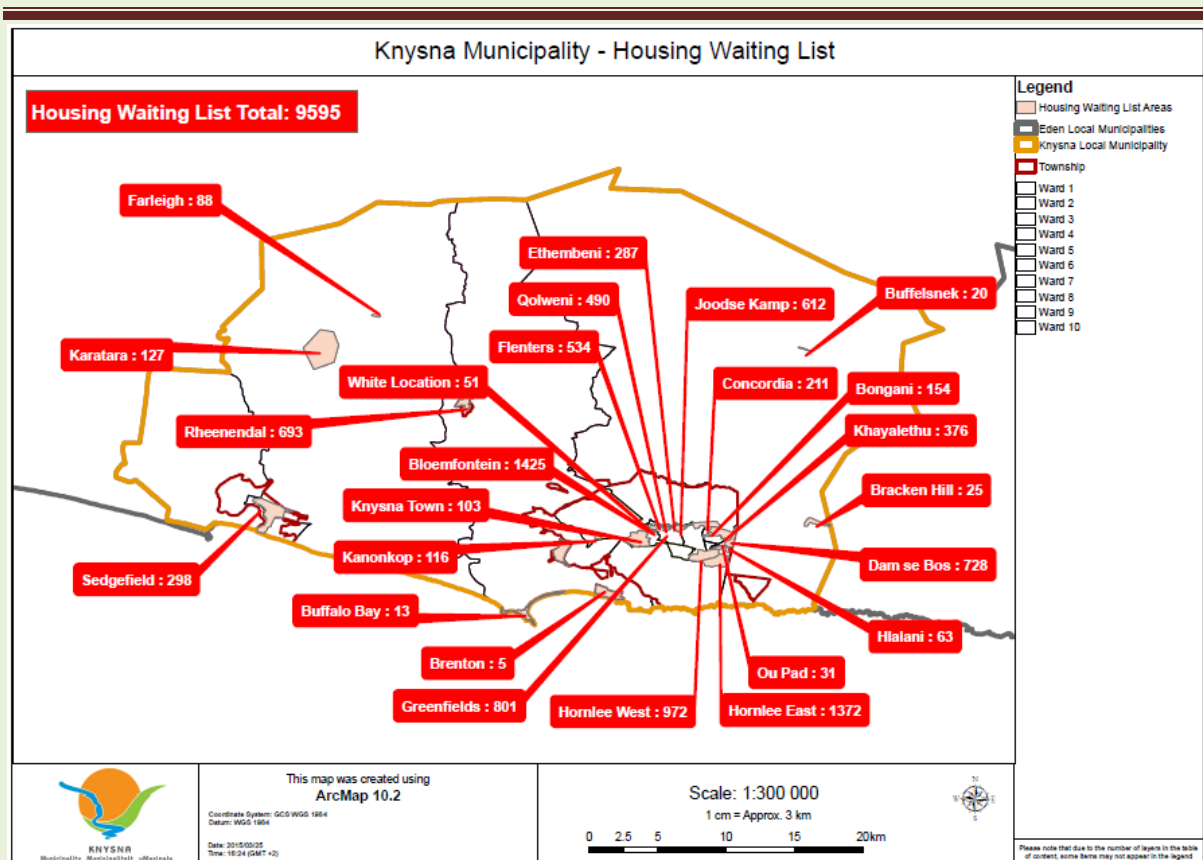


Figure 2: Housing Waiting List

Bulk services and infrastructure have to be upgraded in Rheenendal, Karatara, and Sedgefield in order for the Municipality to proceed with any human settlement project in these areas. Furthermore, the limited availability of land for housing purposes is a great challenge. Council is in negotiations with other spheres of government as well as private land owners to procure additional land for housing purposes. The SDF anticipates that the only potential for further development is towards the northern side of Knysna en-route to Plettenberg Bay and that is why the municipality is discussing the possibility of unlocking Kruisfontein for a mixed residential development with Cape Pine.

Council will also seek other development options during the IDP period to maximize the housing opportunities and densification will form part of these options. The full range of BNG programs will be implemented and the reviewed Human Settlement Plan will capture more detail with regards to these options. An integrated approach to human settlement will have an enormous positive impact on the resources as well as the planning towards the successful implementation of one of the top IDP priorities in most wards. Council will need to vigorously pursue this complex issue of housing within complicated technical, social, political, environmental and financial constraints.

FUNCTIONAL PERSPECTIVE FOR HUMAN SETTLEMENTS

The shift in housing policies at both national and provincial spheres of government necessitates the compilation of a comprehensive holistic view of settlement planning and development. The new policies are conceptualized in the National Housing Policy (Breaking New Ground) and in the Western Cape Integrated Human Settlements Policy. The plan focuses on good accommodation locations, access to job opportunities, housing typology, variety of tenure and provision of education, health, transport and other socio-economic facilities that would contribute to integrated and sustainable settlement development.

Knysna Municipality is currently reviewing its Human Settlement Plan (HSP) which will serve as a planning, facilitating and measuring instrument for housing delivery. This strategy will not only conceptually illustrate how housing projects could contribute to creating integrated human settlements, but also identifies pilot projects for the municipal area as well as policy, budgets and land options for at least the next 5 years. The Human Settlement Plan will aim to achieve the following objectives:

- To develop a holistic approach towards housing development inclusive of the municipality's in-situ upgrading plans;
- To inform forward planning relating to housing provision, especially to guide the 5 year housing delivery pipelines within the 20 year planning horizon;
- To provide a link to high level strategic planning and project delivery;
- To develop a comprehensive strategy for the transfer of existing rental stock as well as a proposal for the development of innovative rental options;
- To develop a strategy for the provision of Breaking New Ground (BNG) and entry level bonded housing products as well as all other housing opportunities;
- To develop a strategy for housing project linked homes and other forms of housing provision considered appropriate to address the housing needs of the communities in Knysna Municipality; and
- To develop a strategy for densification and alternative housing typologies.

The reviewed HSP must be able to indicate how many housing opportunities of what sort are to be provided where and when over the short, medium and long term. It must also be able to address the current challenges experienced in terms of human settlement planning and how the municipality will be able to provide adequate housing opportunities to keep pace with the demand. In particular it should address how this will be achieved without placing stress on the Council's limited financial resources. The master planning of bulk infrastructure (water, sewerage and electricity) must also be aligned and integrated with the targets determined in the reviewed HSP. It must be noted that migration and growth in population will always have an impact on the need for houses and will subsequently expand the housing waiting list as illustrated in **Figure 14** this document.

Integrated human settlements are one of the priorities identified in almost all the wards throughout the Municipality. That is why the provision of adequate housing opportunities features quite prominently in the strategic focus and vision of Council. To address this need it is paramount that Council approach Human Settlements from a strategic point of view, and in order for Council to deliver on the Human Settlement Plan it needs strategic partnerships between government and the private sector. Knysna Municipality is in the process of developing a comprehensive Human Settlement Plan which incorporates a housing pipeline with clearly defined deliverables and targets for housing delivery for the next 5 years. The Human Settlement Plan mainly focuses on the implementation of the Breaking New Ground policies and initiatives but also makes provision for alternative housing options such as rental units, Gap housing, etc. The HSP and the Housing Pipeline will outline the potential delivery targets in relation to the funding and the time period within which such developments are being planned.

Due to the scarce land availability the planning methodology of Knysna Municipality is based on densification models and within this strategy Council is planning to develop the full range of BNG options. The planning of GAP housing and higher income developments will also be taken into consideration and the future challenge will be to develop housing models that will accommodate the whole spectrum of demand. The municipality also needs to engage the private sector in the development of human settlements and the ABSA and Own Haven developments are proof of Council's commitment to form strategic partnerships that will facilitate quality housing delivery in Knysna.

ABSA has already commenced with the planning phase of the infill development in Hornlee subsequent to the Record of Decision Making (ROD) that has been approved in this regard. The Council of Knysna Municipality has also granted planning approval for the rezoning, subdivision, departure and road closure required for this development. This development makes provision for a number of BNG housing units and also paves the way for a first of its kind FLISP development which will serve as a pilot project in the Eden District. The development will be complimented by a number of serviced plots which will be made available in the open property market. This is also part of Council's innovative and collaborative strategy to address the increasing demand for housing in the Greater Knysna Municipal Area.

The response required by the Human Settlement Plan incorporates the approved projects as per the business plan of the Western Cape Department of Human Settlements and can be summarised as follows:

Ward	Response Required	Municipal Action	Progress	Timeframe
1	Acquisition of land	<ul style="list-style-type: none"> Land to be secured to eradicate housing backlog for human settlements have been identified 	<ul style="list-style-type: none"> Land has been identified for human settlement purposes at the back of U-Save in Smutsville, school site, brickyard site and the dune site Negotiations are currently underway with the private land owner in this regard 	2015/2016
	Human Settlement planning	<ul style="list-style-type: none"> Planning for housing delivery 	<ul style="list-style-type: none"> Knysna Municipality is currently busy with the proposed design lay-outs for a human settlement project 	2015/2016
	Improve existing living conditions	<ul style="list-style-type: none"> Application submitted for the rectification of 10 housing units 	<ul style="list-style-type: none"> Application has been submitted to Western Cape Department of Human Settlements and is currently awaiting approval 	2015/2016
2	Improved capacity of bulk infrastructure	<ul style="list-style-type: none"> Upgrading of existing bulk services to accommodate housing development 	<ul style="list-style-type: none"> MIG application to be submitted 	2015/2016
	Delivery of adequate houses	<ul style="list-style-type: none"> Development of 188 serviced sites in Karatara Construction of 188 low cost housing units in Karatara 	<ul style="list-style-type: none"> Application has been submitted to Western Cape Department of Human Settlements Bulk services infrastructure to be upgraded before application can be considered 	2015/2016
3	Acquisition of land for housing delivery	<ul style="list-style-type: none"> To acquire additional land for mixed residential development at Kruisfontein 	<ul style="list-style-type: none"> Negotiation are currently in process with Cape Pine for the use of a portion of their land as a Temporary Relocation Area 	2015/ 2016
	Improved access to housing opportunities	<ul style="list-style-type: none"> Servicing of 100 sites for future housing development 	<ul style="list-style-type: none"> Application for funding for the installation of bulk services has been approved. 	2015/2016
	Delivery of adequate houses	<ul style="list-style-type: none"> Construction of 50 low cost housing units in Dam se Bos (South) Construction of 40 low cost housing units in Nekkies East 	<ul style="list-style-type: none"> Construction is currently underway and both projects are approximately 50% completed 	2015/2016
4	Delivery of	<ul style="list-style-type: none"> Construction of 65 low cost 	<ul style="list-style-type: none"> Construction is currently underway 	2015/2016

Ward	Response Required	Municipal Action	Progress	Timeframe
	adequate houses	housing units in Flanders & Rhobololo	and project is approximately 90% completed	
	Delivery of adequate houses	<ul style="list-style-type: none"> Construction of 140 low cost housing units in Bloemfontein Construction of 315 low cost housing units in Qolweni 	<ul style="list-style-type: none"> Planning applications for Bloemfontein & Qolweni has been approved by Department of Human Settlements Conditional applications to be submitted to the Department of Human Settlements for approval Awaiting EIA's from Department of Environmental Affairs 	2015/2016
5	Delivery of adequate houses	<ul style="list-style-type: none"> Construction of 60 low cost housing units in Lapland, Rheenendal as part of infill development 	<ul style="list-style-type: none"> Application for funding submitted to PGWC and is awaiting approval The project is located approximately 550m from a graveyard which is in contravention with the land use planning regulations The decommissioning of the nearby WWTW needs to be undertaken 	2016/2017
	Improved access to housing opportunities	<ul style="list-style-type: none"> Servicing of 165 sites for future housing development in Rheenendal 	<ul style="list-style-type: none"> Application for planning approval was submitted to the Department of Human Settlements and is awaiting approval 	2016/2017
6	Delivery of adequate houses	<ul style="list-style-type: none"> Construction of 50 low cost housing units in Ou Pad & Hlalani as part of the UISP project Servicing of and additional 100 sites for future housing development in Ou Pad Servicing of 165 sites for future housing development in Hlalani 	<ul style="list-style-type: none"> Construction is in an advanced stage already and the Ou Pad project is nearly 50% completed Hlalani tender to be advertised for bulk services. It is anticipated that the contractor will be on site in July 2015 	2015/2016
	Improved access to housing opportunities	<ul style="list-style-type: none"> Implementation of the ABSA mixed residential infill development in Hornlee Project will comprise of 359 serviced sites and 92 BNG low cost housing units 	<ul style="list-style-type: none"> Planning is currently being done for the optimal utilisation of the infill sites in Hornlee as part of the ABSA development Consultants have been appointed to draw up the tender documentation 	2015/2016
	Access to proper sanitation	<ul style="list-style-type: none"> 230 toilets to be built onto existing houses in Hornlee 	<ul style="list-style-type: none"> Expression of Interest to be advertised to accommodate local emerging contractors It is anticipated that the first 50 bathrooms will be completed by July 2015 	2015/2016
	Improve existing living conditions	<ul style="list-style-type: none"> Application submitted for the rectification of 35 housing units 	<ul style="list-style-type: none"> Application has been submitted to Western Cape Department of Human Settlements and is currently awaiting approval 	2015/2016
7	Delivery of	<ul style="list-style-type: none"> Servicing of 25 sites for future 	<ul style="list-style-type: none"> Planning application for the UISP 	2015/2016

Ward	Response Required	Municipal Action	Progress	Timeframe
	adequate houses	housing delivery in Edameni <ul style="list-style-type: none"> Construction of 25 low cost housing units in Edameni 	project in Edameni has been approved <ul style="list-style-type: none"> Tenders advertised for installation of bulk services It is anticipated that the contractor will be on site in July 2015 	2016/2017
8	Improved capacity of bulk infrastructure	<ul style="list-style-type: none"> Upgrading of existing bulk services to accommodate housing development 	<ul style="list-style-type: none"> MIG application to be submitted 	2016/2017
	Delivery of adequate houses	<ul style="list-style-type: none"> Servicing of 120 sites for future housing development in Happy Valley Construction of 120 low cost housing units in Happy Valley 	<ul style="list-style-type: none"> Application for funding has been approved and construction will commence in due course Tenders advertised for installation of services It is anticipated that the contractor will be on site September 2015 	2015/2016
		<ul style="list-style-type: none"> Servicing of 180 sites for future housing development in Happy Valley Construction of 180 low cost housing units in Ethembeni 		2016/2017
				2015/2016
9	Improve existing living conditions	<ul style="list-style-type: none"> Implementation of rectification programme on 6 existing housing units in Hornlee 	<ul style="list-style-type: none"> Houses have already been demolished and is in the process of being re-built as part of the rectification programme 	2015/2016

It is common knowledge that the delivery of housing is a national and provincial government competency, but it is being implemented by local government on an agency basis. A critical analysis of this arrangement is required within the medium term to determine the effect it has on housing delivery in general. The increasing responsibilities that are placed on local municipalities in this regard have a direct effect on their financial viability. While a grant is provided for the installation of internal reticulation to the development, as well as the top structure, what is not provided for is funding for the necessary upgrading repairs and maintenance on the bulk infrastructure as a result of the additional dwellings and population. It is estimated that a roll out of the current programs will result in Council having to contribute over R3 million per annum, excluding the life cycle costs to the housing delivery programmes.

The housing demand is significantly higher than the resources available and that is why the allocation of houses to potential beneficiaries becomes a challenge for the municipality. A new housing allocation policy is in the process of being developed which will guide the prioritisation of particular human settlement projects and subsequently facilitate the identification of beneficiaries for completed housing units. Below are two maps which illustrate the existing human settlement projects and the planned projects respectively:

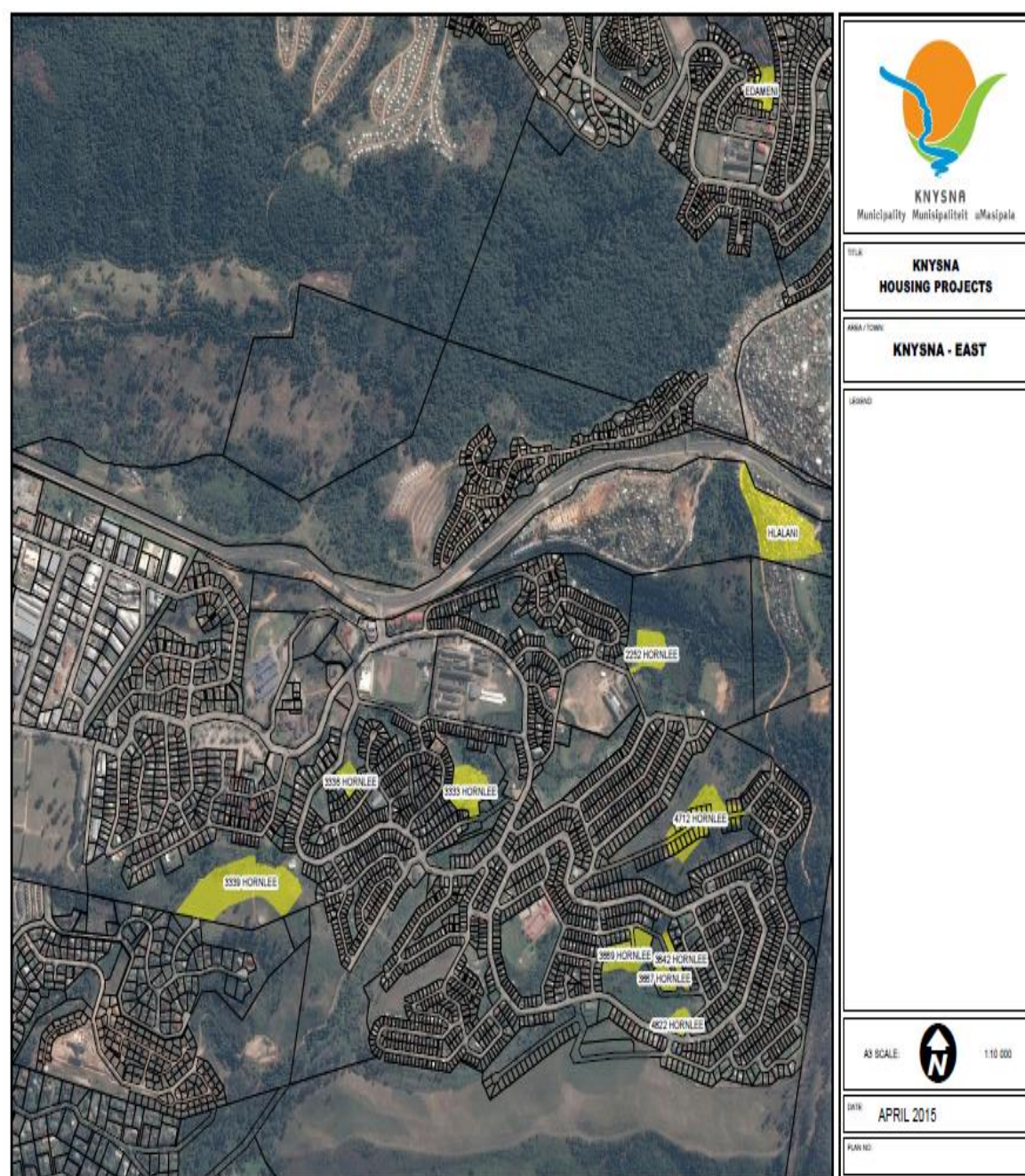


Figure 3: Human Settlement Development – Knysna East

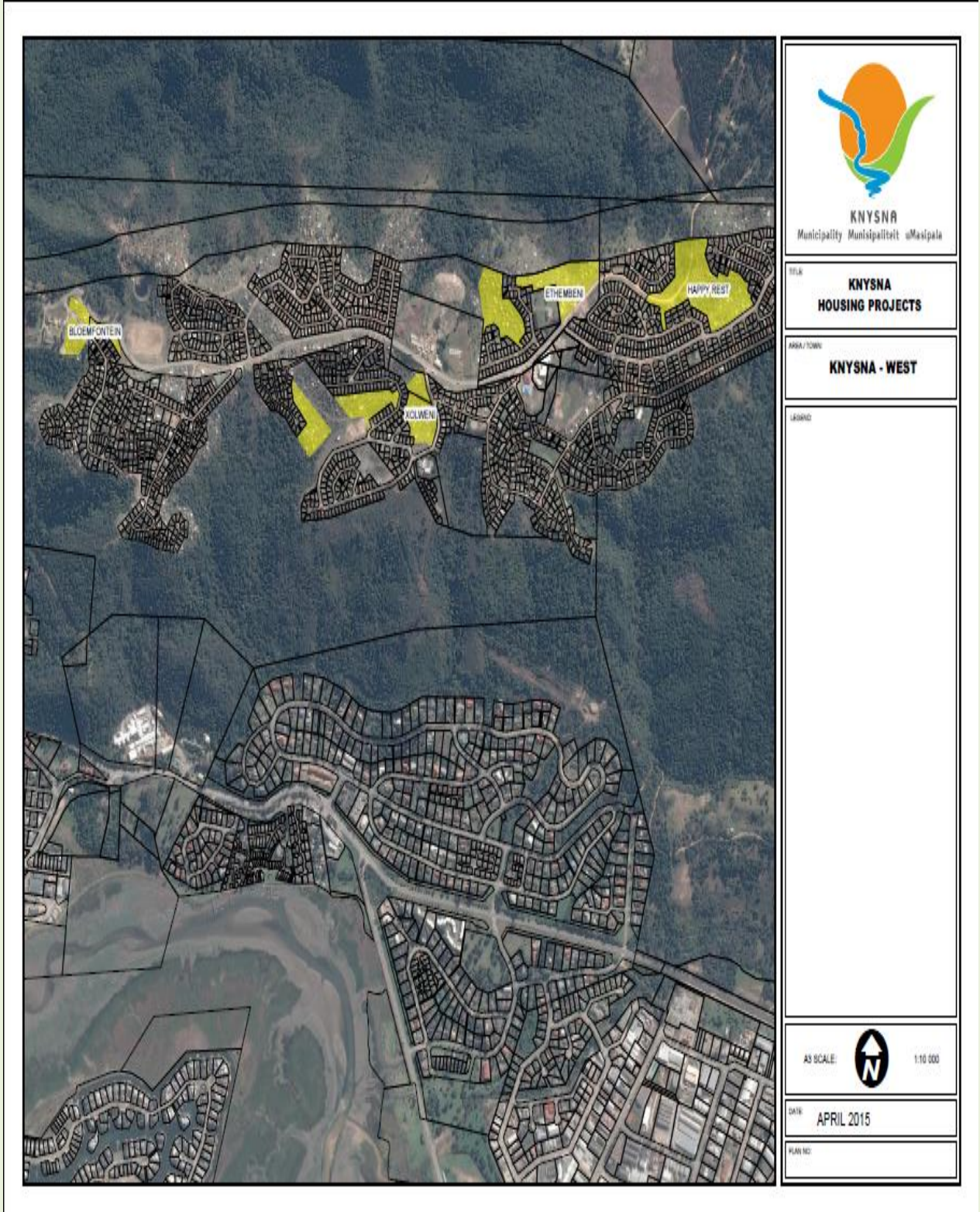


Figure 4: Human Settlement Development – Knysna West

Housing Service Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target ²⁰		
Percentage of Title deeds transferred to approved UISP beneficiaries. (TL64 – 2014/2015)	Percentage of title deeds in Upgrading of Informal Settlements Programme (UISP) projects transferred to approved beneficiaries within 150 days of submission to conveyancers. An approved beneficiary is the person who has been approved for a housing grant by the Provincial Department of Human Settlements, in terms of the Housing Act. The approved occupier is the person with whom the Municipality has entered into a sales agreement in order to purchase the property.	Percentage	-	-	-	-	90	- ²¹	-	-	-
Percentage of transfers registered by Conveyancers: Percentage of signed sales agreements submitted to Conveyancers to effect transfer.²² (TL70 – 2014/2015)	Percentage of signed sales agreements submitted to Conveyancers to effect transfer.	Percentage	-	-	-	-	90	27.3 ²³	-	-	-
Human Settlement Plan (TL31 - 2015/2016)	Provide housing opportunities through servicing sites and building top structures. Number of opportunities provided.	Number	-	-	-	-	-	-	500	-	-
Hornlee Toilets (TL32 - 2015/2016)	Provide access to proper sanitation through constructing toilets attached to houses in Hornlee	Number	-	-	-	-	-	-	150	150	-

²⁰ Future year targets are taken from the latest approved SDBIP

²¹ Replaced as part of the midyear review and adjustment budget process

²² Added as part of the midyear review and adjustment budget process

²³ Measures taken to address none achievement of performance indicators are set out in Component K: Organisational Performance Scorecard

Employees: Housing Services							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	1	1	0	0	0	0	0%
13 - 15	0	0	1	1	1	0	0%
10 - 12	2	2	2	2	2	0	0%
7 - 9	7	7	8	8	8	0	0%
4 - 6	4	5	4	5	5	0	0%
0 - 3	0	0	0	0	0	0	0%
Total	14	15	15	16	16	0	0%

Financial Performance: Housing Services							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	56 514	30 941	55 559	44 118	43 %	(21)%	
Expenditure:							
Employees	3 739	4 318	5 121	4 705	9 %	(8)%	
Repairs and Maintenance	4 369	132	1 967	1 174	791 %	(40)%	
Other	53 222	14 017	22 958	37 832	170 %	65 %	
Total Operational Expenditure	61 329	18 467	30 046	43 711	137 %	45 %	
Net Operational Expenditure	4 815	(12 474)	(25 513)	(407)	(97)%	(98)%	

Capital Expenditure: Housing Services							R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)	
Total All	18 000	25 807	9 594	(47%)	(63%)	54 879	
Knysna Vision 2002 infrastructure	18 000	25 807	9 253	(49%)	(64%)	54 140	
Electricity Infill Connections			342			299	
Vehicle Replacements						440	

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Section 97(1)(c) of the Municipal Systems Act requires municipalities to formulate an Indigent Policy that is consistent with Council's rate and tariff policies and also meets the requirements of S152 of the Constitution.

Trends in demand for free or subsidised basic services

The Municipality has in place a fair but rigorous credit control policy and has a good record of debt recovery. Furthermore, its policy on indigent support and social rebates means that many households who would normally struggle to pay their accounts receive free or subsidised basic services thereby keeping them free of the burden of municipal debt. Nevertheless, there will always be an element of the total amount billed that will remain uncollected. The Municipality is the same as any other business in this regard. Adequate provision has to be made in the budget for any bad debts based on assumptions on collection rates.

The obligation rests on citizens to apply for social rebate and may be granted to the owner in respect of one dwelling unit only, used exclusively for residential purposes and provided the owner submits acceptable proof that the combined gross monthly income of the householders does not exceed :-

Income Group	Per annum
R 0 - R 2 600	a reduction of 100%
R 2 601 - R 3 600	a reduction of 50%
R 3 601 - R 4 200	a reduction of 25% ²⁴

Where a registered owner of a property is a pensioner receiving a government pension of not more than R1,350 [April 1, 2014] per month, applies for a 100% rebate and the spouse also receives the equivalent pension they are accommodated provided there are no other contributors to the household income.

Knysna's criteria for supporting free or subsidised basic services are set out in the indigent support and social rebate policy. The Government allocates revenue via the Division of Revenue Act (DORA) in the form of the Equitable Share Grant with the primary aim of assisting municipalities with the costs of providing free or subsidised basic services. Any costs over and above the Equitable Share allocation are met by the Municipality.²⁵

Indigent Support Objectives

The objective of the Indigent Support and Social Rebate Policy is to ensure the following:

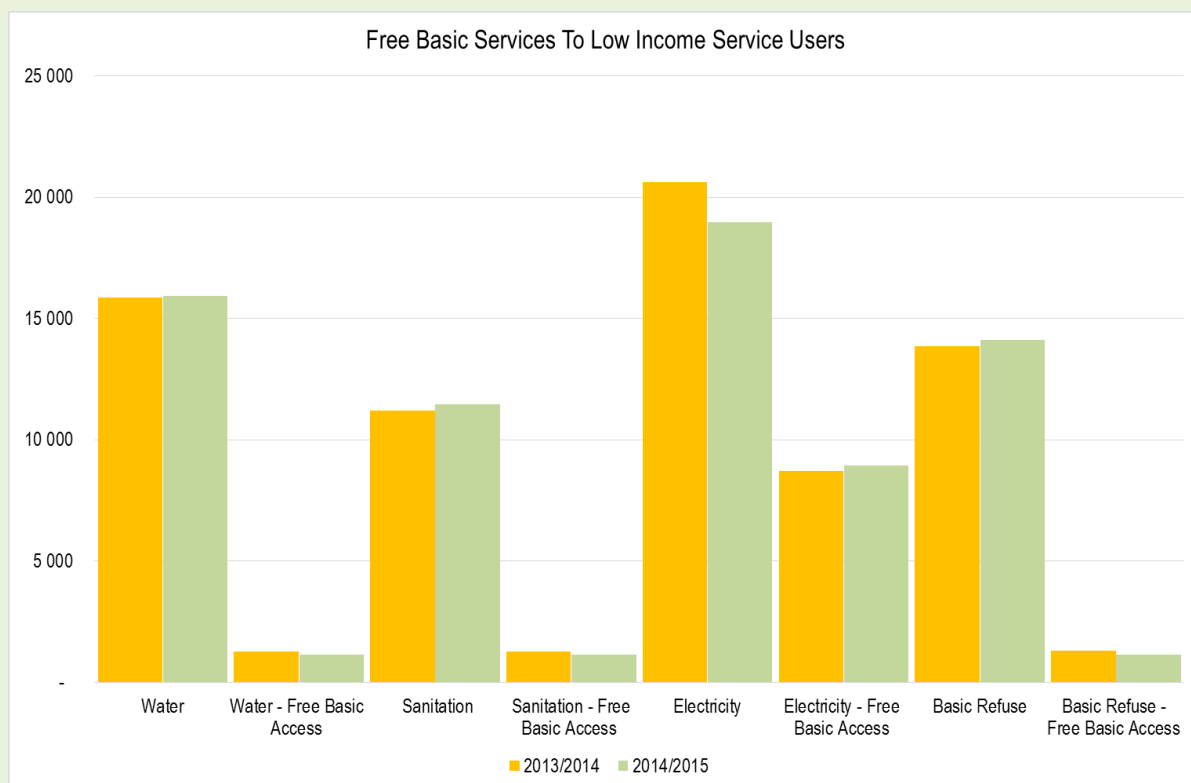
- The provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the Council; and
- To provide procedures and guidelines for the subsidisation of rates and basic service charges to its indigent households, using the Council's budgetary provisions received from National Government, according to prescribed policy guidelines.
- Council also recognises that many of the residents can simply not afford the cost of full provision and for this reason Council will endeavour to ensure affordability through:
- Setting rates and tariffs in terms of the Council's Rates and Tariff Policy, which will balance the economic viability of continued service delivery; and
- Determining appropriate service levels.²⁶

²⁴ 2014/2015 Council approved municipal tariffs

²⁵ 2014/2015 MTREF 5 June 2014

²⁶ Indigent Support and Social Rebate Policy 2014/2015

The municipality continues to focus on closing the still enormous gap that exists between rich and poor in this community. We can be proud of our track record for being one of only a few municipality's in the country that have maintained a good balance between providing for the indigent while still addressing needs in more affluent neighbourhoods.²⁷



Graph 6: Indigent Support

Free Basic Services To Low Income Service Users												
Year	Households earning less than R2 600 per month (2014/2015)											
	Water			Sanitation			Electricity			Basic Refuse		
	Total	Free Basic Access	%	Total	Free Basic Access	%	Total	Free Basic Access	%	Total	Free Basic Access	%
2013/2014	15 850	1 277	8%	11 216	1 264	11%	20 618	8 713	42%	13 858	1 292	9%
2014/2015	15 932	1 655	10%	11 469	1 655	14%	18 976	8 933	47%	14 131	1 655	12%

Financial Performance Year: Cost to Municipality of Free Basic Services Delivered						
Services Delivered	2012/2013	2014/2015				
	Actual	Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget
Water	2 468	2 146	2 146	2 486	16%	16%
Waste Water (Sanitation)	1 131	1 022	1 022	1 174	15%	15%
Electricity	3 461	3 210	3 210	3 757	17%	17%
Waste Management (Solid Waste)	1 149	1 108	1 108	1 157	4%	4%
Total	8 208	7 485	7 485	8 574	15%	15%

²⁷ 2015/2016 IDP Mayor's Foreword

Free Basic Service Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
The number of single residential properties earning less than R2500 per month with access to free basic services. WATER (TL10 – 2014/2015) and (TL6 – 2015/2016)	This indicator reflects the 100% social rebate granted in respect to the annual water availability fee charged to qualifying home owners of single residential properties.	Number	1 370	917	1 410	1 277	1 280	1 655	1 280	1 280	1 280
The number of single residential properties earning less than R2500 per month with access to free basic services; SANITATION/SEWERAGE (TL11 – 2014/2015) and (TL7 – 2015/2016)	This indicator reflects the 100% social rebate granted in respect to the annual sanitation fee charged to qualifying home owners of single residential properties.	Number	1 370	1 454	1 410	1 264	1 260	1 655	1 260	1 260	1 260
The number of single residential properties earning less than R2500 per month with access to free basic services; ELECTRICITY (TL13 – 2014/2015) and (TL5 -2015/2016)	This indicator relates to the Pre-Paid Electricity Tariff Electrification Housing Scheme (Limited to 20A) limited to 400kWh and first 50kWh free	Number	8 100	8 572	8 350	8 713	8 710	1 655 ²⁸	8 710	8 710	8 710
The number of single residential properties earning less than R2500 per month with access to free basic services; SOLID WASTE/REFUSE (TL12 – 2014/2015) and (TL8 – 2015/2016)	This indicator reflects the 100% social rebate granted in respect to the annual solid waste fee charged to qualifying home owners of single residential properties.	Number	1 370	1 465	1 410	1 292	1 290	1 655	1 290	1 290	1 290

²⁸ Measures taken to address none achievement of performance indicators are set out in Component K: Organisational Performance Scorecard

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

3.7 ROADS (STREETS/ PAVEMENT MANAGEMENT)

INTRODUCTION TO ROADS²⁹

One of the main characteristics of Knysna Municipality is that the N2 runs through the two major economic centres namely Knysna and Sedgefield which obviously has its advantages and disadvantages. From an economic perspective it serves as a main artery of economic stimulation to the area and positions Knysna strategically as the gateway to the Eastern Cape as well as the Western Cape. It does however increase the volume of traffic significantly resulting in more regular maintenance to be undertaken on this road. A by-pass has been proposed as an alternative route to relieve the traffic congestions experienced particularly during the holiday season in Knysna and Sedgefield. Currently there seems to be a deadlock between the relevant stakeholders because SANRAL would only give the go-ahead for the project if it becomes a toll road. Taken into account the controversy and civil resistance towards toll roads in general in the rest of the country, it seems highly unlikely that this project would be embarked on in the foreseeable future.

The towns and settlements in the municipal area are connected by fairly good quality roads which improves the connectivity between the towns and the neighbouring municipalities. The condition of roads in the Greater Knysna Municipal Area has deteriorated rapidly over the past few years due to ageing of the infrastructure, increase in traffic volumes, lack of funding for maintenance and the impact of floods which have occurred over the past few years. Knysna Municipality has 170 km of tarred road, of which 26% are in a good condition, 20% in a fair condition and 54% in a poor condition. The municipality is in the process of developing an upgrading and maintenance plan to ensure that the condition of its roads infrastructure is being improved. Furthermore the municipality also has to maintain approximately 70km of gravel roads within its area of jurisdiction. It is estimated that these gravel roads would only be upgraded to a permanent surface level within the next 30 years if an annual budget allocation of R6 m per annum were to be made available over this period of time. Another major concern is the poor condition of roads in the informal settlements which makes these areas relatively inaccessible, especially for emergency and rescue services.

FUNCTIONAL PERSPECTIVE FOR ROADS³⁰

The system is used to inform Council of the condition of the roads, the maintenance required, the maintenance priorities and the budget required, including the backlog. Due to the limited financial resources, a system of prioritization for the upgrade and regular maintenance of strategic roads is incorporated in the Pavement Management System. This system have to be extended to incorporate a comprehensive maintenance and repair programme for the existing roads infrastructure which have deteriorated significantly over the last couple of years.

²⁹ 4.8.3 Roads, IDP Review 2015/2016

³⁰ 7.8 Pavement Management System, IDP Review 2015/2016

Response Required	Municipal Action	Progress	Timeframe
Prioritisation of needs identified	List the needs identified and priorities	<ul style="list-style-type: none"> Pavement Management System has been completed. Workshop with Councillors was held to determine the prioritisation and allocation of the R4.9m which was available for road repairs in 2014/15 Significant investment to upgrade and maintain existing roads infrastructure to be considered by Council 	2015/2016
Funding and service level agreements with communities	Negotiate service level agreements with the communities	To be explored	2015/2016
Maintenance of roads and transport infrastructure	Ongoing maintenance actions	Will be done as per the Council- approved roads maintenance programme which will prioritize projects as per available financial resources	2015 – 2017
Action plan to improve the quality of roads in municipal area	<ul style="list-style-type: none"> Develop action plan for maintenance and improvement of roads Source additional funding to implement the action plan effectively 	<ul style="list-style-type: none"> Completed Pavement Management System includes an action plan Submissions made to MIG fund as well as the annual budget of the municipality Directors to explore additional funding alternatives for upgrading of roads infrastructure 	2015 – 2017

We successfully rolled out the Pavement Management System which presented Council with a hierarchy of roads in order for Council to prioritise its expenditure on roads. In 2015-2016 we will continue to use the System to assist Council to determine how and where roads funds must be used.³¹

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometres Gravel roads graded/maintained
2011/2012	between 46 and 53	0	0	46-53
2012/2013	53	0.7	0	53.7
2013/2014	53	0	0	53.7
2014/2015	53	0	0	53.7

³¹ Final Annual Budget for 2015/2016 MTREF

Tarred Road Infrastructure					Kilometres
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2011/2012	241	1	0	0	240
2012/2013	241	0	0	0	241
2013/2014	241	0	0.9	0	241
2014/2015	241	0	0	0	241

Cost of Construction/Maintenance						R' 000
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2011/2012	0	0	2 498	0	0	1 426
2012/2013	870	0	1 600	0	0	2 359
2013/2014	0	0	1 805	0	2 897	4 087
2014/2015 ³²	0	0	973	0	0	3 456

³² Does not include new provided through the human settlements projects

Road Service Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Implementation of the Roads and Stormwater maintenance plan (TL40 – 2015/2016)	Develop and action a Roads and Stormwater maintenance plan for the greater Knysna within the available budget. 100% expenditure of maintenance budget	Percentage	-	-	-	-	-	-	100	100	100

Employees: Road Services							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0	0%
10 - 12	2	2	4	4	3	1	25%
7 - 9	8	8	5	9	9	0	0%
4 - 6	25	27	26	23	23	0	0%
0 - 3	37	41	36	40	40	0	0%
Total	72	78	71	76	75	1	1%

Financial Performance: Road Services							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	3 036	2 286	9 384	2 718	19 %	(71)%	
Expenditure:							
Employees	8 839	9 852	9 998	10 173	3 %	2 %	
Repairs and Maintenance	8 911	8 252	5 016	5 459	(34)%	9 %	
Other	7 078	7 396	6 992	8 166	10 %	17 %	
Total Operational Expenditure	24 828	25 500	22 005	23 797	(7)%	8 %	
Net Operational Expenditure	21 792	23 214	12 621	21 079	(9)%	67 %	

Capital Expenditure: Road Services							R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)	
Total All	3 224	5 166	1 610	(50%)	(69%)	10 692	
N2 Nekkies Traffic Circle		2 342	231		(90%)	129	
Labour Intensive Side Walks	1 754	1 354	1 304	(26%)	(4%)	6 643	
Vehicle replacements	1 220	1 220		(100%)	(100%)	2 820	
Public Works Restroom	250	250	76	(70%)	(70%)	1 000	
Total of Sundry Projects						99	

INTEGRATED TRANSPORT PLAN³³

The Integrated Transport Plan (ITP) for the Eden District was reviewed recently and incorporates a component focussing on Knysna Municipality. The municipality actively participates in the continuous evolution and implementation of this plan. The undermentioned transport vision guides the ITP for the Eden District:

“The vision for 2015 is a demand-responsive, sustainable, balanced and equitable rural transport system that allows the basic access needs of individuals to be met, is affordable, operates efficiently, offers choice of transportation modes, and supports a vibrant economy.”

Response Required	Municipal Action	Description of projects	Progress	Timeframe
Improve the mobility of non-motorised transport (NMT)	<ul style="list-style-type: none"> • Comprehensive mobility strategy to be developed • Development of a NMT Plan for GKMA 	<ul style="list-style-type: none"> • Establishment of a NMT route in Smutsville/Sizamile • Establishment of a pedestrian walkway from Sunridge to Hunters Home • Additional pedestrian crossing facilities at the Nekkie/N2 intersection • Improve the walkway for especially school learners in the Northern Areas which include a bicycle lane • Convert NMT infrastructure to accommodate people living with disabilities 	<ul style="list-style-type: none"> • Projects to be incorporated in ITP review process • The ITP will be taken on a public participation process to solicit input from the general public on the proposed projects • Partnership to be established with Department of Education to ensure the safety of school children walking to and from school 	2015/2016
Improve public transport system	<ul style="list-style-type: none"> • Facilitate the improvement of the public transport system with all relevant stakeholders • Establishment of adequate infrastructure for public transport 	<ul style="list-style-type: none"> • Establishment of a taxi rank in White Location • Establishment of under-roof taxi rank at Sanlam Mall • Improved law enforcement on the vehicles used for subsidized learner transport • Establishment of an alternative parking area for tour busses in Sedgefield 	<ul style="list-style-type: none"> • Projects to be incorporated in ITP review process • These projects have to be aligned with the proposed corridor development proposed in the NDPG business plan • 	2015-2017

³³ 7.8 Pavement Management System, IDP Review 2015/2016

Response Required	Municipal Action	Description of projects	Progress	Timeframe
Traffic safety plan	Development of a comprehensive traffic safety plan in consultation with all relevant stakeholders	<ul style="list-style-type: none"> Improved traffic safety measurements at the Nekkies/N2 intersection Speed calming mechanisms along the main routes in the Northern Areas and Hornlee Installation of adequate street lighting along Concordia corridor and Uniondale Road as well as the Nekkies/N2 intersection Embark on a comprehensive public participation process for the upgrading of the Nekkies/N2 intersection 	To be initiated by the traffic department in conjunction with provincial traffic and SANRAL	2015/2016

Employees: Transport Services							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0	0%
10 - 12	1	1	1	1	1	0	0%
7 - 9	2	2	2	2	2	0	0%
4 - 6	5	5	6	7	7	0	0%
0 - 3	2	2	2	3	3	0	0%
Total	10	10	11	13	13	0	0%

Financial Performance: Transport Services							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	3 746	3 799	3 799	4 041	6 %	6 %	
Expenditure:							
Employees	1 803	2 020	2 020	1 974	(2)%	(2)%	
Repairs and Maintenance	-	-	-	13	-	-	
Other	332	202	202	309	52 %	52 %	
Total Operational Expenditure	2 135	2 223	2 223	2 295	3 %	3 %	
Net Operational Expenditure	(1 610)	(1 576)	(1 576)	(1 746)	11 %	11 %	

3.9 WASTE WATER (STORMWATER DRAINAGE)

Storm water and the drainage thereof remains a challenge due to funding constraints, terrain, ageing infrastructure and staff shortages. Informal and illegal systems also multiply the effects. Mitigating against flooding and inadequate drainage remains the top priority.

A number of informal areas are still not adequately serviced and continue to suffer losses during floods largely as a result of under-engineering based upon national minimum standards which in turn impact on funding availability. Furthermore areas such as Hornlee require significant work on the stormwater system to mitigate against continual losses at times of floods and heavy rains. Again these areas were initially under-engineered when they were developed and almost no provision was made for township expansion.

The response required for storm water can be summarised as follows:

Response Required	Municipal Action	Progress	Timeframe
Determining of infrastructure backlogs that need to be addressed	Investigate funding opportunities in order to address shortfalls	A master plan is being developed that will identify the backlogs to be addressed	2015 – 2017
Operational and maintenance plan	<ul style="list-style-type: none"> The municipal budget addresses some of the requirements identified Identify potential funding opportunities to address needs 	Survey of system being done currently.	2015 – 2017
Alignment of Storm Water Master Plan to SDF	<ul style="list-style-type: none"> Drafting of sector plan Implement sector plan Actions to improve quality 	Based on funding being made available for the study it is estimated that the inputs will be completed by timeframes indicated	2015 – 2017

Stormwater Infrastructure				Kilometres
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2011/2012	24	0	0	24
2012/2013	24	0	0	24
2013/2014	24	0	0.2	24
2014/2015 ³⁴	24	0	0	24

³⁴ Does not include new provided through the human settlements projects

Cost of Construction/Maintenance			
	Stormwater Measures		
	New	Upgraded	Maintained
2011/2012	0	0	108
2012/2013	0	0	156
2013/2014	0	0	309
2014/2015	0	87 ³⁵	997 ³⁶

³⁵ Upgrade Bigai Stream: Hornlee

³⁶ Rheenendal Budget Maintenance (656) and Operational expenditure (341)

Employees: Stormwater Services							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0	0%
10 - 12	0	0	0	0	0	0	0%
7 - 9	1	1	1	2	1	1	50%
4 - 6	0	0	0	0	0	0	0%
0 - 3	1	1	1	3	2	1	33%
Total	2	2	2	5	3	2	40%

Financial Performance: Stormwater Services							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	-	-	1 000	835	-	(17)%	
Expenditure:							
Employees	1 079	1 335	1 190	1 321	(1)%	11 %	
Repairs and Maintenance	309	324	324	341	5 %	5 %	
Other	789	741	691	756	2 %	9 %	
Total Operational Expenditure	2 178	2 400	2 204	2 418	1 %	10 %	
Net Operational Expenditure	2 178	2 400	1 204	1 583	(34)%	31 %	

Capital Expenditure: Stormwater Services							R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)	
Total All	1 000	2 209	743	(26)%	(66)%	2 164	
Rheenendal		1 332	656		(51)%		
Upgrade Bigai Stream: Hornlee		877	87		(90)%		
Upgrade Stormwater Infrastructure	1 000			(100)%		2 000	
Rehabilitate CBD Stormwater System						164	

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; building control and integrated human settlements.

3.10 PLANNING

Integrated Strategic Development Framework³⁷

Objectives of the ISDF

The Integrated Strategic Development Framework (ISDF) has largely become the strategic policy direction which Knysna Municipality is going to pursue in terms of future development of the area. It endeavours to map out the long term vision (Vision 2030) for the municipality. Development within the Greater Knysna Municipal Area is currently guided by the following strategic documents:

- Spatial Development Framework ;
- Economic Development Strategy;
- Human Settlement Plan ; and
- Environmental Management Framework

However, each of the abovementioned documents in itself has certain limitations, and they are not adequately aligned to one another. More importantly, they were all developed at the stage when the Knysna municipal area was in the middle of an unsustainable economic boom, fuelled by a property development bubble at the time. The global economic downturn of a couple of years back has completely changed the environment in which the municipality operates and has necessitated a fundamental re-evaluation of the strategic plans of the municipality.

The socio-economic character in Knysna, Sedgefield, Rheenendal, Karatara and the surrounding settlements have changed substantially in the last decade and the lived reality can be summarised as follow:

- Businesses are and have been closing rapidly, both in town and in the industrial area;
- There are less job opportunities but the population keeps on growing;
- No one is very happy with the level of services they are getting and service delivery protests are happening frequently;
- Knysna Municipality is one of the most expensive places in the Western Cape to live in respect of rates and service charges
- The economic heartbeat of Knysna was based on the timber industry–
 - Planting and subsequent harvesting of forests and plantations;
 - Processing of timber based raw materials; manufacturing of furniture;
 - Selling and exporting of value added timber products;
- The move of the main processing plant to George and structural changes in the timber industry took away the economic base; and
- The bursting of the property bubble left the town with only the retirement, holiday and tourism industries
- The scenic beauty of the area paved the way for a lucrative tourism industry, retirement villages, holiday homes, lifestyle accommodation, etc. ;

³⁷ 7.2 Integrated Strategic Development Framework, IDP Review 2015/2016

Knysna Municipality similarly to Bitou is situated on the natural migration route from more economically and socially stressed areas to arguably better living conditions. The property bubble from the turn of the millennium also resulted in significant population growth resulting in increasing pressure on service delivery and infrastructure development. The collapse of the economy means that the municipality has to depend disproportionately on residential property rates. The number of holiday homes in the area which stand empty for most parts of the year means that the municipality has to maintain expensive high quality infrastructure but do not get adequate income for it. Adding to the above, the hilly topography makes service delivery and development costs extremely expensive.

The objective of the Integrated Strategic Development Framework for Knysna Municipality is to incorporate the review, integration and alignment of the Spatial Development Framework, the Economic Development Strategy, the Human Settlement Plan as well as the Strategic Environmental Assessment. Using a holistic and integrated approach to planning and development that harnesses the resources and skills of all stakeholders in a uniform and coherent manner. The draft ISDF produces a single coherent strategic document that encompasses detailed, action and implementation oriented sector plans that are fully compliant with all legislative and policy requirements. The ISDF process will not replace the Integrated Development Plan (IDP) of the municipality but will rather constitute a combined suite of sector plans within the IDP. The draft ISDF is regarded as the longer term development strategy of the municipality and the 5 year IDP's will form the building blocks for the implementation of the strategy.

The draft ISDF serves as an over-arching long term strategy that will shape the future of the municipality, the different towns and settlements under its jurisdiction. It is intended to be a dynamic, realistic and implementable action plan which is packaged in a number of programmes and projects supported by appropriate policies and championed by a number of stakeholders. It also identifies opportunities to stimulate the economy in such a way that it attracts new investment to the area as well as diversify the local economy. The draft ISDF suggests solutions for infrastructure and human settlement patterns that will facilitate a vibrant business sector which subsequently will generate much needed sustainable job opportunities.

The core focus of the draft ISDF is to develop a future Knysna that promotes:

- Local living – Social development, affordable housing, infrastructure investments & future planning;
- Smart living – Education, International university, Trade School;
- Productive living – Knowledge economy, investment & infrastructure;
- Natural living – Environment, recycling, renewable industry; and
- Connected living – ICT, neighbourhood connectivity, transport infrastructure



Progress of the ISDF

The roll-out of the ISDF process started in all earnest in September 2013 with the appointment of Knysna Creative Heads Consortium as the consultant team for the project. A series of public participation processes have been embarked on and ran parallel with the IDP review process.

Communication platforms with all relevant stakeholders were established in the form of the following cafés:

- CONNECTION CAFÉ: *get information from stakeholders and share ideas.*
- WORKSHOP CAFÉ : *series of focused workshops with stakeholders representing particular sectors in society*
- DATA CAFÉ: *data collection through interviews*
- ONLINE CAFÉ: www.isdf.co.za (ONGOING)
- ROAD CAFÉ: *public engagements which co-incided with IDP Review public participation process*
- EXPO CAFÉ: *all findings through the different engagements are being exhibited at strategic times*

The institutional arrangements for the ISDF processes have been established and is fully functional. A comprehensive Terms of Reference for the ISDF process has been drafted which guides the functioning of the external steering committee who oversees this process. The steering committee acts as an advisory and administrative body on which the following groups are represented:

- Management of Knysna Municipality
- National Government Sector Departments
- Provincial Government Sector Departments
- Adjoining municipalities
- Chambers of business in the GKMA
- Tourism authorities in the GKMA

The internal steering committee ensures that all the internal departments in the municipality facilitates the smooth flow of information required and provides technical insight in the respective components of the ISDF.

The first milestone for the ISDF process have been reached in November 2013 with the completion of the Status Quo report which included the following components:

- Stakeholder engagement
- State of the environment
- Economic profile
- Human settlement
- Urban design & planning
- Basic Services & Infrastructure (water, sanitation, waste management, electricity)

The 1st draft of the ISDF report is available which include the following suite of sector plans:

- Spatial Development Framework
- Human Settlement Plan
- Bio-diversity Plan
- Economic Development Strategy

The draft ISDF report have been presented to the Steering Committee who subsequently have submitted comment on the content of the documentation. It has also been presented to Councillors at workshop and subsequently adopted by Council at a meeting held on 28 May 2015. Subsequent to the adoption, the ISDF report will be taken on a public participation process with all relevant

stakeholders. The draft ISDF recommends a number of catalytic projects to be pursued which include the following:

- Central Park initiative with Heidevallei as the anchor project
- Cornish Road corridor
- Connecting roads linking the Northern Areas in Knysna to the other commercial nodes
- Establishment of a transport interchange in Knysna CBD
- Karatara and Sedgfield development nodes
- Establishment of a multi-purpose event facility for education and conference purposes

The draft ISDF report and relevant sector plans are available on the official website of Knysna Municipality for perusal and further detail.

Spatial Development Framework (SDF)

Legal Framework

A Spatial Development Framework (SDF) is to a large extent influenced by the following legislation:

- The Local Government: Municipal Systems Act (Act No. 32 of 2000);
- The IDP and Performance Management Regulations (2001);
- The Spatial Planning and Land Use Management Act (Act No. 16 of 2013).

Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013)

The Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013) (SPLUMA) was promulgated on 5 August 2013 and it is anticipated for its Regulations to come into effect on 1 July 2015. The objects of the Act are the following:

- (a) provide for a uniform, effective and comprehensive system of spatial planning and land use management for the Republic;
- (b) ensure that the system of spatial planning and land use management promotes social and economic inclusion;
- (c) provide for development principles and norms and standards;
- (d) provide for the sustainable and efficient use of land;
- (e) provide for cooperative government and intergovernmental relations amongst the national, provincial and local spheres of government; and
- (f) redress the imbalances of the past and to ensure that there is equity in the application of spatial development planning and land use management systems.

In preparing a municipal SDF, a municipality must:

- (a) give effect to the development principles and applicable norms and standards set out in Chapter 2;
- (b) include a written and spatial representation of a five-year spatial development plan for the spatial form of the municipality;
- (c) include a longer term spatial development vision statement for the municipal area which indicates a desired spatial growth and development pattern for the next 10 - 20 years;
- (d) identify current and future significant structuring and restructuring elements of the spatial form of the municipality, including development corridors, activity spines and economic nodes where public and private investment will be prioritized and facilitated;
- (e) include population growth estimates for the next five years;
- (f) include estimates of the demand for housing units across different socio-economic categories and the planned location and density of future housing developments;

-
- (g) include estimates of economic activity and employment trends and locations in the municipal area for the next five years;
 - (h) identify, quantify and provide location requirements of engineering infrastructure and services provision for existing and future development needs for the next five years;
 - (i) identify the designated areas where a national or provincial inclusionary housing policy may be applicable;
 - (j) include a strategic assessment of the environmental pressures and opportunities within the municipal area, including the spatial location of environmental sensitivities, high potential agricultural land and coastal access strips, where applicable;
 - (k) identify the designation of areas in the municipality where incremental upgrading approaches to development and regulation will be applicable;
 - (l) identify the designation of areas in which—
 - (i) more detailed local plans must be developed; and
 - (ii) shortened land use development procedures may be applicable and land use schemes may be so amended;
 - (m) provide the spatial expression of the coordination, alignment and integration of sectoral policies of all municipal departments;
 - (n) determine a capital expenditure framework for the municipality's development programmes, depicted spatially;

SDF's will form the basis of all future decisions in terms of the SPLUMA and they will be taken by tribunals, which are non-political / technical bodies, established in terms of Section 35 of SPLUMA. It broadly determines that a municipality or municipalities jointly, must constitute a Planning Tribunal to consider all land use planning applications. The SPLUMA prescribes the membership of tribunals, which consists of no less than five members, and prohibits councillors to serve on it simply because Councils now become the appeal authorities. These tribunals are the sole responsibility of the municipalities, who must bear the cost of the meetings and the administration relevant thereto.

Every municipality must develop and/or adopt a Municipal Planning By-Law, which can be a unique document specific to the municipality, or a general one, based on a model that is being prepared by the Western Cape Government for municipalities in the Western Cape. By-laws will forthwith determine the procedural and administrative aspects of land use planning and management, instead of the Provincial Regulations. In the interim, Section 44 of LUPO has been amended with the effect that the MEC for Local Government, Environmental Affairs and Development Planning no longer considers the merits of land use planning matters or appeals. The MEC now only comments on and when appropriate concurs with a municipality's land use planning decision which subsequently means that appeals are thus decided by Council. The MEC will only consider the procedural aspects of the appeals and cases before him. Where a municipality has made a procedural error in dealing with the case, e.g. not following due process or not taking relevant information into account, the MEC will advise that the decision of the municipality be set aside and referred back to it for re-processing and re-consideration. No right of appeal will be established in such instance.

One of the implications of the SPLUMA legislation and processes is that a municipality now becomes legally accountable for decisions, i.e. an applicant or aggrieved party will no longer sue the MEC and add the municipality as a respondent. Instead, the municipality will be sued and it must provide for the costs and administration of such litigation processes.

Western Cape Land Use Planning Act (Act No. 3 of 2014)

This Act has been finalised and approved by the Western Cape Government in April 2014 to bring all land use planning policies in line with SPLUMA. The Regulations that will ensure in the implementation of the Act will come into effect as from 1 July 2015.

Policy Guidelines

Western Cape Spatial Development Framework,

The Western Cape's new PSDF 2014 applies the following spatial principles:

- (i) Spatial Justice;
- (ii) Sustainability and Resilience;
- (iii) Spatial Efficiency;
- (iv) Accessibility;
- (v) Quality and Liveability.

Review of the Knysna Spatial Development Framework (SDF)

Knysna Municipality's Spatial Development Framework (SDF) was approved by Knysna Council in 2008 in terms of the Municipal Systems Act (MSA). Between 2009 and 2011 Knysna Municipality engaged in the Built Environment Support Programme (BESP). The BESP is an initiative of the Western Cape Department of Environmental Affairs and Development Planning, in partnership with the Department of Human Settlements, in terms of which support is provided to municipalities to improve the credibility of their SDF's and Human Settlement Plans (HSP's).

The participation of the Municipality in the BESP process resulted in certain refinements to the SDF, as well as the identification of a number of additional components that are required to make the SDF a fully functional document. Some of these aspects include:

- The SDF should make explicit reference to how it is in line with over-arching planning documents and explicitly reflect how it aligns with the core objectives of the PSDF;
- Garden Route Environmental Management Framework should be included in addition to the GRI mapping data;
- The SDF doesn't give enough detail as to how the settlements in the municipality relate to one another, nor how they compare with reference to a return on municipal investment;
- The SDF should have made greater reference as to how urban areas could be restructured so as to provide greater access to jobs or amenities to poorer communities;
- The SDF should clearly indicate how the municipality intends to adequately address the issue of land reform;
- The SDF should earmark priority areas for residential densification based on a draft densification study; and
- The SDF should adequately address the need to protect viable agricultural resources;

Compilation of the 2015 Spatial Development Framework (SDF)

The preparation of the 2015 SDF has commenced as part of the ISDF process and the new draft SDF incorporates the findings of the BESP on the existing 2008 SDF as well as the new 30 year vision for development and land use management in Knysna Municipality. The status quo phase of the new SDF was completed at the end of 2014 subsequent to a comprehensive public participation process and input from various stakeholders and interested & affected parties. The

first draft of the revised SDF has been presented to the ISDF Steering Committee who is still providing comment in this regard. As soon as the draft SDF has been adopted by Council it will be made available to the general public for comment. The draft SDF comprises key spatial interventions and proposals to give effect to the long term development strategy of the municipality.

Initial findings of the status quo phase of the SDF review include:

- A current shortage of +/- 800 affordable / middle income housing units for the Knysna municipal area. Land has to be identified to address this housing need.
- A subsidized housing gap of approximately 4 350 subsidized housing units between now and 2030;
- South Africa National Parks (SAN Parks) is a very important role player within the Knysna Municipal Area. SANParks regards the whole of the Knysna Municipal Area as a buffer area for the Garden Route National Park. From discussions with officials from SanParks they indicated that their strategic policies will not allow any more accommodation within the national parks. Accommodation facilities will in future have to be provided within the buffer areas surrounding the national parks. This could potentially have an implication of tourism land use policies, especially with regards to the provincial resort policy which makes it very difficult to provide tourism facilities outside urban areas. Knysna Municipality could potentially have their own tourism policy for rural areas with regards to accommodation in buffer areas which could differ and be in conflict with provincial policies. This issue needs to be raised for further discussion with SanParks and the Western Cape Department of Environmental Affairs and Development Planning.
- Need to identify structuring elements for the settlements in the Knysna Municipal area (nodes, corridors, etc.).
- Need to protect important plantations and forestry areas for future forestry purposes.
- Need to improve urban and socio-economic integration in the Knysna Municipal Area. This could be achieved through provision of sport facilities and community facilities that could serve all inhabitants of urban settlements.
- There is large numbers of vacant land with approved, low density development rights that have not yet been implemented. The densification of these approved development sites have to be investigated.
- The settlements within the Knysna Municipal Area have very low densities. Areas suitable for densification have also been identified in the new draft SDF and is indicated in *Table 21* below:

Spatial Planning Categories of the Draft Knysna SDF (2015)

The Spatial Planning Categories of the Draft 2015 SDF can be summarised as follows:

(SPC 01) Core Conservation	Existing legally protected conservation areas, and areas where any conventional development will be almost impossible.
(SPC 02) Buffer Conservation	Areas earmarked for future conservation purposes. Should ideally be acquired by government for conservation purposes, or certain incentives for private land owners to achieve conservation outcomes.
(SPC 03) Agriculture Areas	Protect - High and medium potential agricultural areas to secure food production Formal plantations that have to be protected for silviculture (forestry) purposes

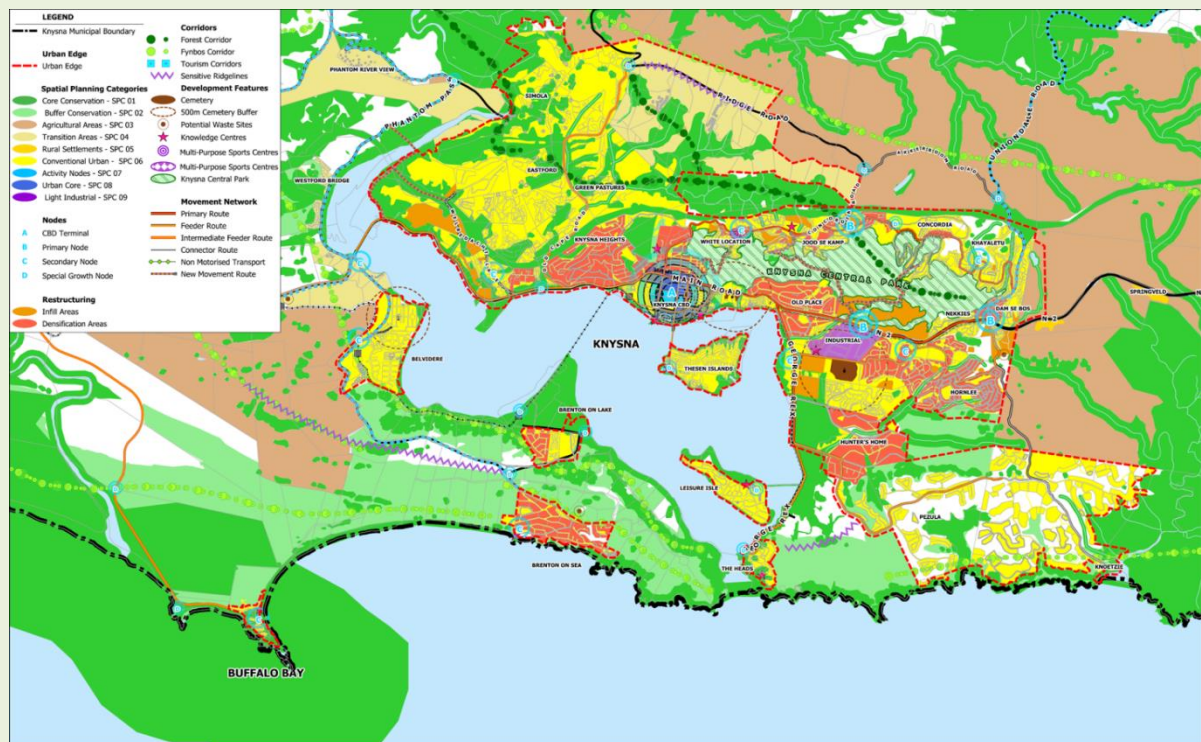
(SPC 04) Transition Areas	<p>Areas Include 'urban fringes' or existing rural smallholdings</p> <ul style="list-style-type: none"> • settlement not sufficient to warrant classification as an urban area • primary use of the land is for residential rather than agricultural or conservation purposes • Limited full municipal services to areas, if any at all. • Areas Closer to core urban areas, may have access to municipal water supply or municipal electricity supply. • Sewage disposal usually on-site by means of septic tank <p>This category does not always exist between urban and rural areas because of discrete transition between two land use categories</p>
(SPC 05) Rural Settlements	Rural Nodes within the rural landscape, Hamlets and Rural Villages that services surrounding rural areas (e.g. Buffalo Bay, Barrington, etc.)
(SPC 06) Conventional Urban Areas	<p>Established township areas where full municipal services are generally provided.</p> <p>Main business and residential areas for;</p> <ul style="list-style-type: none"> • Knysna • Sedgefield, • Rheenendal • Brenton & Belvidere
(SPC 07) Activity Nodes	<p>Activity Nodes have higher density activities with a variety of;</p> <ul style="list-style-type: none"> • Business uses; • Residential uses; • Commercial uses. <p>These areas should be connected by good transport linkages including:</p> <ul style="list-style-type: none"> • Public transport • Non-motorised routes
(SPC 08) Urban Core	<ul style="list-style-type: none"> • Highest density areas, • Greatest variety of Land uses, • Includes civic buildings of regional importance. • It may have larger blocks; streets have steady street tree planting and buildings set close to the frontages.
(SPC 09) Light Industrial	<ul style="list-style-type: none"> • Areas for light manufacturing or service trades. • In Knysna, the Knysna Industrial area and a new service trade area for Sedgefield

(SPC 10) Other
Environmental

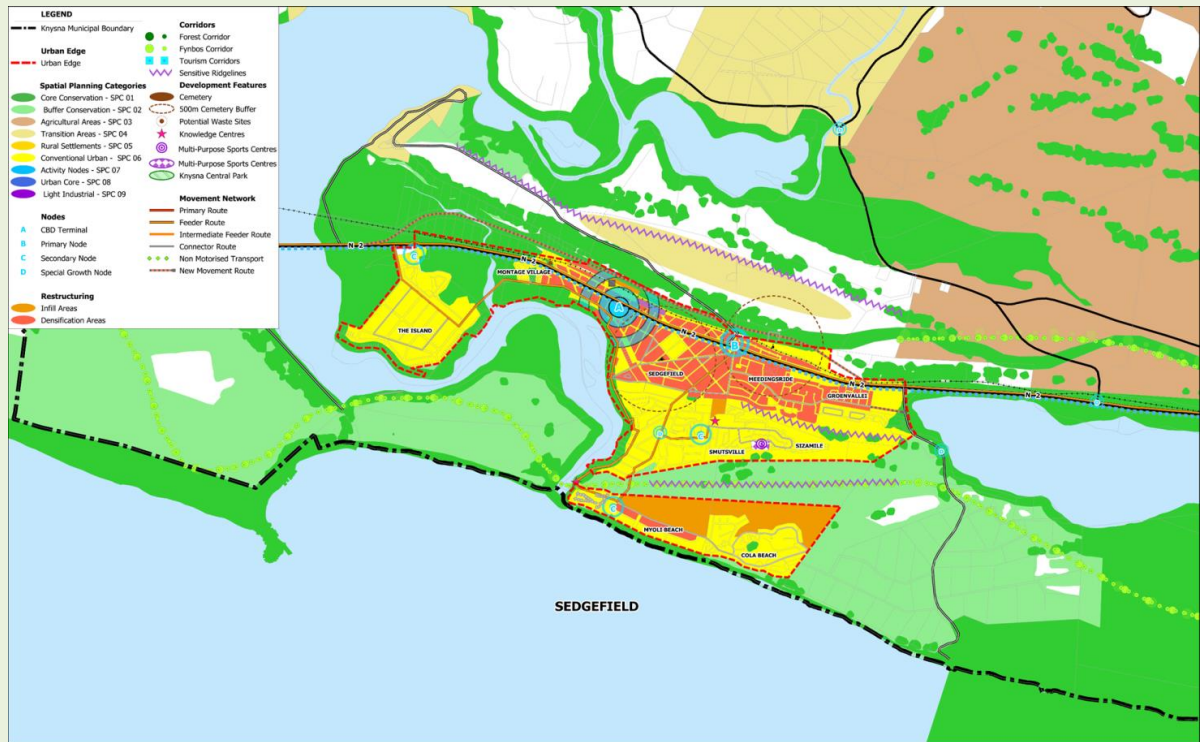
- The identified Critical Biodiversity Areas and Ecological support Areas in biodiversity mapping and the Gazetted Critically Endangered Threatened Eco-Systems are included in this category
- Scale of mapping categories influence accuracy on a local scale
- As Mapped by the Garden Route Initiative In terms of the National Environmental Management: Biodiversity Act 10 of 2004

The draft maps below represent the spatial planning for the towns of Knysna, Sedgefield, Karatara and Rheenendal:

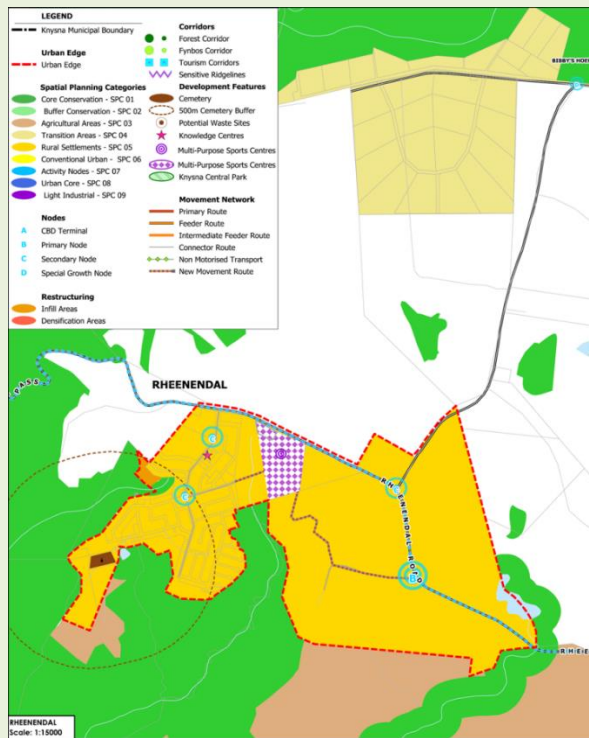
Knysna:



Sedgefield:



Rheenendal:



Karatara:

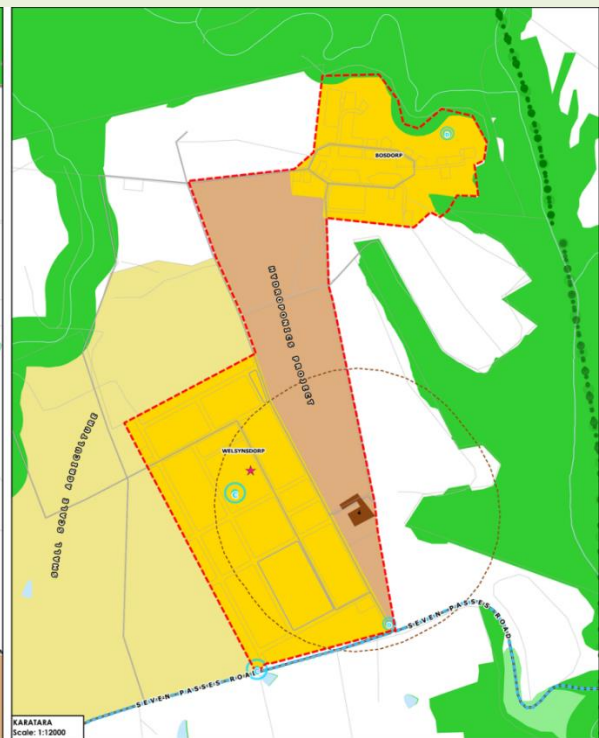


Figure 5: Spatial planning initiatives per area

The maps represents a graphical impression of the composite status quo map and clearly illustrates that the municipality consists of two major nodal development areas. The town of Knysna is the primary node which acts a commercial and administrative centre for the Greater Knysna Municipal Area while Sedgefield is regarded as a secondary node which serves the commercial and administrative needs of the surrounding communities. Over and above the two identified nodes, the municipal area consists of two more hamlets, namely Rheenendal and Karatara and other areas with significant tourism potential.

The major structuring element around the nodes is the N2 National Road, and water bodies as well as the pre-determined urban edge which curbs the outward sprawl of these areas. The urban edge is also there to prevent leap-frog development over agricultural land. Decisions over what development is appropriate over what land are to a large extent directed by the fact of whether or not the land falls within an urban edge. Other structuring elements include access routes, regional corridors and scenic routes. The desired spatial form of the municipal area is summarised on this plan and the direction which development will take in the medium to long term is shown by means of directional arrows.

At present, an Implementation Framework Plan is being prepared as a core component of the SDF. The potential projects that have been identified as part of the Implementation Framework Plan are outlined below:

- Karatara Site Development Plan
- Heidevallei / Central park precinct plan
- Hornlee densification plan
- Knysna zoning bylaw – GIS conversion of zonings
- Zoning Bylaw Overlay Zones:
 - Buffalo Bay Area
 - Hornlee densification Area
 - Scenic Drive Overlay Area
 - Informal trading Overlay Area
- Integrated Transport plan (including road and rail Framework Plan)
- Hornlee Node Planning (Lamco / Taxi Node)
- Identification of regional cemetery site
 - identify site alternatives
 - investigate suitability of sites
 - prescribe site selection criteria,
 - geo tech, geo hydrology,
 - recommend most suitable site
- Land Use Surveys for Knysna Municipality with support from Department of Rural Development and Land Reform
- Ground truthing of CBA's (ESMP)
- Windheuvel Precinct Plan
- Open space system / open space network planning
- SDF Review

Strategic Environmental Assessment (SEA)

In order to ensure that the Spatial Planning of the Knysna Municipal Area follows a sustainable development pathway and to adhere to the requirements of the IDP and Performance Management Regulations under the Municipal Systems Act (Act No. 32 of 2000), a Strategic Environmental Assessment (SEA) is being prepared as an integral part of the Knysna SDF Review process. In terms of Section 21(j) of the Spatial Planning Land Use Management Act (Act No. 16 of

2013) a SDF must include a Strategic Environmental Assessment (SEA). This strategy will identify the impacts of development on the natural environment and development future management frameworks to reduce associated environmental risks. The assessment will also include a Climate Change Adaptation Strategy for the town which will seek to find ways in which to adapt to the effects of climate change on an operational and strategic level.

The SEA can be defined as follows:

“SEA is a process to assess the environmental implications of a proposed strategic decision, policy, and plan, and programme, piece of legislation or major plan (White Paper on Environmental Management Policy for South Africa, 1998: 169)”.

The principles that underpin the SEA are listed below:

- SEA is driven by the concept of sustainability;
- SEA identifies the opportunities and constraints which the environment places on the development of plans and programmes;
- SEA sets the levels of environmental quality or limits of acceptable change;
- SEA is a flexible process which is adaptable to the planning and sectoral development cycle;
- SEA is a strategic process, which begins with the conceptualization of the plan or programme;
- SEA is part of a tiered approach to environmental assessment and management;
- The scope of an SEA is defined within the wider context of environmental processes;
- SEA is a participative process;
- SEA is set within the context of alternative scenarios; and
- SEA includes the concepts of precaution and continuous improvement.

The approach that is currently being followed in the preparation of the Strategic Environmental Assessment (SEA) as an integral part of the SDF and ISDF process has the following elements:

- Screening;
- Stakeholder engagement;
- Scoping;
- Situational Analysis;
- Specialist Studies;
- Assessment of Environmental Effects and its Significance on the SDF;
- The Identification of Alternatives;
- Trade-offs; and
- Developing a Strategic Environmental Management Plan (SEMP).

The first draft of the ISDF contains a draft SEA which include an environmental status quo report clearly defining bio-diversity areas and it also proposes key environmental management proposals and interventions. A more structured and quantified development strategy which will take into account the environmental opportunity costs which come with development. It will also assist in demarcating agreed no-go areas which will be reserved for the conservation of the natural environment. The SEA is available on the municipality's website and will be published for public comment as soon as it has been tabled to Council for adoption.

Rheenendal Local Spatial Development Framework (LSDF)

As part of a hierarchy of plans under the SDF, the Knysna Municipality, in partnership with a local business, have embarked on a process to develop a comprehensive Local Spatial Development

Framework for the Rheenendal Area. Currently the existing SDF does not provide any clear guidance for future land use in the Rheenendal area and a number of challenges are being experienced, which include the following:

- Historical industrial zoning rights for area surrounding the sawmill;
- Need for additional land for human settlement;
- Need for educational facilities;
- Various tourism initiatives;
- Decline in agricultural activities;
- Socio-economic decline of existing settlements;
- Urban and socio-economic integration of settlements; and
- Environmental Conservation

A draft status quo report was produced but this process was put on hold to be informed by the norms and principles of the ISDF. Once the proposals for the ISDF were completed, the proposals for the Rheenendal LSDF can be finalised.

Preliminary findings for the Rheenendal LSDF include:

- Need for alternative land uses on the old saw-mill site;
- Strong emphasis on tourism and tourism related activities;
- New proposed indoor, multi-purpose sport facilities for Rheenendal;
- Need additional land for affordable and subsidized housing;
- Need additional educational (secondary and tertiary) facilities; and
- Need to protect forestry and valuable agricultural land.

The response required by the draft SDF can be summarised as follows:

Response Required	Municipal Action	Progress	Timeframe
Review and updating of the SDF	Review and integrate the SDF, Economic Development Strategy HSP and the SEA through the ISDF process	Knysna Municipality is currently embarking on the ISDF process which will ensure better alignment and integration of the SDF, Economic Development Strategy, HSP and SEA	2015/ 2016
SDF to focus on main challenges facing municipality			
SDF to recommend future development potential	Identification of development nodes in the different areas of the municipality	Integration of the SDF, Economic Development Strategy, HSP and SEA	2015/2016
SDF to make spatial provision for IDP and other development projects	Spatial mapping of short, medium & long term projects/programmes identified in the IDP		2015/2016

Building Control

The day to day processing of building control applications has been made much more efficient, and the capacity to monitor and report on the process has been dramatically improved by the implementation of the Collaborator based electronic business process.

Applications for Land Use Development												
Detail	Formalisation of Townships				Rezoning				Built Environment			
	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2011 /2012	2012/ 2013	2013/ 2014	2014/ 2015	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015
Planning	6	-	-	226	14	17	15	16	102	158	203	702

application received												
Determination made in year of receipt	3	-	-	153	3	9	6	7	72	146	179	-
Determination made in following year	3	-	-	58	11	4	7	9	30	12	24	-
Applications withdrawn	4	-	-	15	4	5	1	-	4	20	15	143

Planning Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Development of a draft Integrated Strategic Development Framework (ISDF) and table first draft to Council (TL36 – 2014/2015)	To develop an Integrated Strategic Development Strategy – which integrates the review of the Human Settlement Plan, Economic Development Strategy, Environmental Management Plan, Spatial Development Framework and the Rural Development Strategy	Number	-	-	-	-	1	1	-	-	-
Spatial Development Framework and Zoning Scheme by-law developed. (TL30 – 2015/2016)	Enabling institutional readiness for Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013) (SPLUMA) implementation through the development of a Spatial Development Framework (SDF) and Zoning Scheme by-law	Number	-	-	-	-	-	-	2	-	-

Employees: Planning Services							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	2	2	2	0	0%
13 - 15	3	3	3	5	5	0	0%
10 - 12	5	5	5	6	6	0	0%
7 - 9	1	1	2	1	1	0	0%
4 - 6	2	2	4	3	3	0	0%
0 - 3	0	0	0	0	0	0	0%
Total	11	11	16	17	17	0	0%

Financial Performance: Planning Services						
R'000						
Details	2013/2014	2014/2015				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget
Total Operational Revenue	2 567	2 123	2 123	2 168	2 %	2 %
Expenditure:						
Employees	5 852	6 323	6 323	6 897	9 %	9 %
Repairs and Maintenance	0	-	-	-	-	-
Other	392	156	163	149	(4)%	(8)%
Total Operational Expenditure	6 243	6 479	6 486	7 046	9 %	9 %
Net Operational Expenditure	3 676	4 355	4 362	4 878	12 %	12 %

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

Economic Development³⁸

Economic Development Strategy

Knysna Municipality is currently in the process of adapting and refocusing its approach towards economic development and clearly defining its role in terms of this constitutional obligation focusing on stimulating economic growth in specific sectors as well as developing an environment which is conducive for economic activity for both formal and informal economic participants. Essentially the municipality aims to identify the competitive advantage of the municipal area and develop and facilitate the implementation of strategic sector interventions to facilitate the optimization of investment opportunities which will result in sustainable economic growth and employment creation. Economic development occurs across municipal boundaries and Knysna

³⁸ 7.10 Economic Development, IDP Review 2015/2016

Municipality has partnered with the district municipality as well as neighboring local municipalities and business chambers and stakeholders in terms of economic development initiatives such as the South Cape Economic Partnership which is a partnership with the Western Cape Economic Development Partnership with specific funding committed to regional economic development interventions. Eden District Municipality has developed its own LED and Growth Development strategies which have an impact on the Greater Knysna Municipal Area. The District also prepared a “fact file” which must be considered when Knysna Municipality embarks on economic development initiatives.

The municipality is in the process of reviewing its Economic Development Strategy as part of the ISDF process and this extensive approach is needed in relation to longer term strategic approach to the growth potential of the municipal area which is integrated with spatial, environmental and human settlement requirements and realities. The review process will focus on exploring feasible economic development opportunities in the GKMA, the effective and continued implementation of economic development strategies, programmes and feasible interventions which involves government and private sector as economic stakeholders. The review process has taken cognizance of the following pillars to stimulate economic development in the Greater Knysna Municipal Area:

- Increased Accessibility
- Economic Infrastructure Investment
- Broadening Economic Base
- Attracting Visitors and Investors
- Conducive LED Environment
- SMME Development

The table below indicates the various economic development initiatives planned for the IDP cycle:

Developmental Programme	Municipal Action	Progress	Timeframe
Review of the Economic Development Strategy	Incorporate the review of the Economic Development Strategy in the ISDF process	The first draft of the ISDF is available and the Economic Development Strategy is a fundamental sector plan of this long term development strategy	2015-2016
Implementation of the revised Economic Development Strategy	Refining the project implementation plan	Catalytic projects has been identified and feasibility studies will be conducted on these projects	2015/2016
Market engagement with potential funding organisations/developers/other stakeholders	Identification of potential funding organizations and develop and submit business plans	On-going process	2015-2017
Place marketing and destination marketing	To revise the services required to market Knysna in relation to destination marketing as a tourism destination and investment and trade promotion.	Review of the tourism function in the GKMA	2015/2016
Ensure that SMME's are being supported through strategic interventions	SMME Incubator programme	New cycle to commence in 2015/2016	2015/2016
	Small business support	<ul style="list-style-type: none"> • Library business corners • Online business enquiry support using SMME tools and templates as a service to businesses and start-ups • Access to Funding Support through SEDA, SEFA and various other funding organisations. 	2015/2016

Developmental Programme	Municipal Action	Progress	Timeframe
Investment strategy	To ensure that the Economic Development Plan addresses the issue of strategic investment initiatives.	To be implemented as soon as the ISDF process have been completed	2015/2016
Improved broadband connectivity	Roll-out of the broadband strategy with the appointed Public Private Partnership bidder when the SCM process has been concluded.	The roll out will be linked to a 5 year capital project and will account to R120 000 000 investment into this sector of the economy.	2015/2016
Facilitate rural development	Establishment of a CRDP node at Rheenendal & Karatara	Support the two NPO's in Karatara and Rheenendal with: <ul style="list-style-type: none"> Establishment of offices for Council of Stakeholders Community Garden Projects Rural infrastructure upgrades (RID Grant Projects in Rheenendal to the value of R5 million. Apply for RID grant for Karatara 	2015/2016 2016/2017
	Establishment of a hydroponics project focusing on agricultural beneficiation as an economic driver for the community	<ul style="list-style-type: none"> Municipal property has been allocated to establish a hydroponics facility in Karatara. Funding has been secured from Lafarge for this project and a MOU signed with University of Pretoria for technical support. 	2015/2016
Skills Training	Plans to address skills development through training and mentorship programmes	Training Workshops to be provided relating but not limited to: <ul style="list-style-type: none"> Business Concept Business Plan Basic Business Skills Basic Bookkeeping Skills Marketing for SMME's Customer Service Training Franchise Training Social Media 	2015/2016
Providing opportunities for informal traders to become economically active	<ul style="list-style-type: none"> Reviewing of Informal Trader's By-law Upgrading of Informal trading sites and including new informal trading areas across all wards. 	<ul style="list-style-type: none"> By-law is currently under review and new policy and SOP has been adopted Part of urban revitalisation programme 	2015/2016
Optimising the economic footprint of capital projects	Identify economic opportunities for local entrepreneurs with the implementation of infrastructure, housing and other developments in the area	<ul style="list-style-type: none"> Capacity building programme has been started to empower local entrepreneurs in terms of municipal and government tender processes Investment sites will be identified and municipal land used as catalysts for attracting investment where it is feasible in relation to locational advantage. This will be followed by a RFP process. 	2015-2017
Job creation	Facilitate job creation through the implementation of the Expanded Public Works Programme (EPWP)	<ul style="list-style-type: none"> EPWP programme is currently in phase 3 and fulltime equivalent job opportunities are created in the following sectors: Infrastructure, Social, Non-state and Environmental & Culture Knysna Municipality has been awarded a grant of R1 mill towards job creation as part of the EPWP 	2015-2017

Developmental Programme	Municipal Action	Progress	Timeframe
Infrastructure for economic development	Revitalisation of the railway line between George and Knysna for freight and tourism purposes	<ul style="list-style-type: none"> Enter into a Private-Public-Partnership initiative to re-open the railway line between Knysna and George Investment into the broadband project relating to a catalytic project for economic infrastructure. 	2015-2017

Economic Activity by Sector ³⁹						
Sector	2012		2013			
	GGP as a %	GGP growth rate	GGP as a %	GGP growth rate	GGP as a %	GGP growth rate
Agriculture, forestry and fishing	4.8	-1.8	4.8	2.4		
Mining and quarrying	0.2	-0.2	0.2	0.2		
Manufacturing	11.9	-0.6	11.7	0.5		
Electricity and water	1.5	9.8	1.5	0.5		
Construction	12.4	3.4	12.5	3.7		
Wholesale and retail trade	24.4	4.9	24.5	3.2		
Transport and communication	5.5	1.9	5.5	2.8		
Finance, and business services	24.5	4.3	24.5	2.8		
Community, social and other personal services	5.8	3.1	5.8	2.8		
General government services	9.0	5.4	9.0	2.7		
Total	100.0	3.4	100	2.7		

Economic Employment by Sector ⁴⁰ Formal and Informal Employment			
Sector	2012 Percentage Distribution	2013 Percentage Distribution	2014 Percentage Distribution
Agriculture, forestry and fishing	5.2	5.2	
Mining and quarrying	0.5	0.3	
Manufacturing	8.6	8.5	
Electricity and water	0.3	0.3	
Construction	12.1	11.7	
Wholesale and retail trade	30.7	31.1	
Transport and communication	3.1	3.0	
Finance, and business services	14.1	14.5	
Community, social and other personal services	14.0	14.1	
General government services	11.5	11.3	
Total	100	100	

³⁹ Omitted information available early 2016

⁴⁰ Omitted information available early 2016

Jobs Created during Year by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)	2 511	0	2 511	
2010/2011	51	0	51	Project Manager Feedback
2011/2012	72	0	72	Project Manager Feedback
2012/2013	1 759	0	1 759	Project Manager Feedback
2013/2014	290	0	290	Project Manager Feedback
2014/2015	339	0	339	Project Manager Feedback

Job creation through EPWP projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2012/2013	11	1 636
2013/2014	54	1 847
2014/2015	24	1 741

Local Economic Development Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Formulation of draft development plans for Rheenendal and Karatara CRDP nodes (TL35 – 2014/2015)	Rheenendal and Karatara rural wards have been identified and activated as Comprehensive Rural Development Wards as part of Department of Rural Development's CRDP initiative. The purpose of the programme is to harness all resources from various sources to provide key interventions to enable economic development within these rural settlements. Development plans in this regard will be drafted.	Number	-	-	-	-	2	⁴¹	-	-	-
Submission of application for Infrastructure Funding on behalf of Rheenendal and Karatara Council of Stakeholders: Completed proposal submitted to Department of Rural Development and Land Reform. (TL68 – 2014/2015)	One completed proposal submitted to Department of Rural Development and Land Reform.	Number	-	-	-	-	1	⁴²	-	-	-
Number of Expanded Public Works Programme (EPWP) job opportunities created (TL5 – 2014/2015) and (TL10 – 2015/2016)	This indicator measures the number of work opportunities created through the Expanded Public Works Programme (EPWP). An EPWP work opportunity is paid work created for an individual on an EPWP project for any period of time, within the employment conditions of the Code of Good Practice for Special Public Works Programmes.	Number	500	1 316	550	1 867	1 300	2 466	2 000	2 100	2 200
Number of Expanded Public Works Programme (EPWP) job opportunities created (TL6 – 2014/2015)	Number of Expanded Public Works Programme (EPWP) job opportunities created for youth and woman.	Number	400	767	420	1 695	1 200	1 680	1 300	1 400	1 500
Develop a Place Marketing Strategy (TL34 2015/2015)	To submit to Council for approval a marketing and investment plan, possibly including investment incentives, with the objective of promoting the utilisation of vacant serviced sites for commerce and industry	Number	-	-	1	1	1	⁴³	-	-	-

⁴¹ Replaced as part of the midyear review and adjustment budget process

⁴² Added as part of the midyear review and adjustment budget process

⁴³ Replaced as part of the midyear review and adjustment budget process

Local Economic Development Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Completed Tender process for appointment of Place marketing Agent (TL67 2014-2015)	To prepare a tender for appointment of Place marketing Agent, ensure that tender is evaluated and recommendation made to Bid Adjudication Committee	Number	-	-	-	-	1	1 ⁴⁴	-	-	-
Identification and implement of two SMME (economic) development projects for emerging contractors (TL63 – 2014/2015)	<p>Ensure that SMME's are identified and supported through strategic municipal interventions.</p> <p>1) Support to SMME through business related training - SMME's are supported through training opportunities relating to various stages of their businesses and sectors. A training programme was designed in partnership with SEDA to offer these opportunities to individuals. This is advertised in the local press and facilitated by a course specific facilitator relating to a) basic business skills b) tender training c) creative businesses - marketing skills etc.</p> <p>2) Support to SMME through trading spaces - The informal economy operates with very little infrastructure, it is the role of local government to provide economic spaces for the informal economy to trade in order to bridge the divide between the formal and the informal economy. This is done through a council adopted informal trader policy and y-law which regulates this process. The Economic Development Department administrates this process and provides a support service to these informal traders. Therefore the number of permits issued relates to the traders who comply to the by-law and policy and operate legally in an informal trading area thereby accessing an economic opportunity to sell their goods and earn an income.</p>	Number	-	-	-	-	2	28	-	-	-

⁴⁴ Added as part of the midyear review and adjustment budget process

Local Economic Development Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Economic Development Strategy (TL29 – 2015/2016)	Provide LED development and support initiatives for beneficiaries including, individuals, SMMEs, cooperatives, emerging contractors Number of initiatives arranged.	Number	-	-	-	-	-	-	4	4	4
Rheenendal Rural infrastructure Development grant Project (TL26 – 2015/2016)	Rural Infrastructure upgrades (RID) grant Projects in Rheenendal. Reflects the delivery achieved in the Storm water and roads upgrades tender.	Number	-	-	-	-	-	-	1	-	-

Employees: Local Economic Development Services							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	0	1	1	0	0%
13 - 15	0	1	1	0	0	0	0%
10 - 12	2	2	2	3	3	0	0%
7 - 9	0	0	0	2	2	0	0%
4 - 6	3	3	3	0	0	0	0%
0 - 3	0	0	0	0	0	0	0%
Total	5	6	6	6	6	0	0%

Financial Performance: Local Economic Development Services							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	1 035	1 251	1 251	1 059	(15)%	(15)%	
Expenditure:							
Employees	1 785	2 000	2 000	2 252	13 %	13 %	
Repairs and Maintenance	-	-	-	-	-	-	
Other	1 499	1 060	114	1 107	4 %	871 %	
Total Operational Expenditure	3 284	3 060	2 114	3 358	10 %	59 %	
Net Operational Expenditure	2 249	1 809	863	2 299	27 %	166 %	

Capital Expenditure: Local Economic Development Services							R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)	
Total All	250	985	889	255%	(10%)	500	
Construction of Informal Trading Stalls	250	500	518	107%	4%	500	
Rheenendal Upgrade roads and stormwater		485	370		(24%)		

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

This component includes: libraries; museums and heritage; community halls; cemeteries; child care; aged care; social programmes, sport and parks.

3.12 LIBRARIES; MUSEUMS AND COMMUNITY FACILITIES

Libraries⁴⁵

The Knysna Town library has recently been expanded and significantly modernised with financial assistance from provincial government and the Municipal Infrastructure Grant (MIG). Discussions are currently underway between the Department of Cultural Affairs & Sport, Department of Education and Knysna Municipality for the establishment of a library service at the primary school in Rheenendal which will be accessible to both the school and the general public. Circulation figures in all the libraries are consistently increasing and, given that this service is operated on an agency agreement with the Provincial Government; strategic consideration will be required for any further expansion of the library service. The municipality also utilises the wheelie wagon library service effectively to reach out to remote rural areas that fall within the GKMA.

Service Statistics - Libraries				
Type of service	2011/2012	2012/2013	2013/2014	2014/2015
Number of Libraries	11	11	11	12
New library service points or Wheelie Wagons	1	0	0	2
Library members	28 788	30 183	30 079	29 991
Books circulated	366 969	349 683	342 792	345 344
Exhibitions held	120	96	105	137
Internet access terminals	21	10	15	53
Children programmes	480	504	487	515
Visits by school groups and crèches	212	276	225	236
Primary and Secondary Book Education sessions	63	65	67	73

Multi-purpose Centres⁴⁶

The Smutsville-Sizamile community hall and sport field is currently being significantly upgraded as part of the Thusong multi-purpose centre programme of the Department of Local Government and two new facilities are planned for Rheenendal and White Location.

⁴⁵ 4.7 Public Amenities, IDP Review 2015/2016

⁴⁶ 4.6 Sport and Recreation, IDP Review 2015/2016

WARD	LOCATION	SERVICE AREA
1	Smutsville	This Centre will service the communities of Smutsville, Sizamile, Sedgefield, Karatara as well as possibly Kleinkrantz which forms part of neighboring George Municipality. There is a hall in the area which can be upgraded.
4	White Location	This location is preferred by the municipality because it is centrally located within Knysna, which is regarded as a primary growth and development node. It is on the western side of the Northern Areas and provides a wonderful opportunity to breakdown the spatial barriers between communities. The largest concentration of people in the Greater Knysna Municipal Area reside in this predominantly poor community and most of them require easy access to most government services
5	Rheenendal	The availability of suitable land for the development of a Centre prompted the municipality to identify this location. It will service the areas of Karatara, Rheenendal and possibly Sedgefield. There is a community hall and a community service centre where services are provided.

The following well-maintained Libraries; Museums and Community Facilities are available in the GKMA

Libraries	Museums	Community Halls
Knysna Town Library	Old Gaol	Hornlee Community hall
Sedgefield Town Library	Millwood House	Chris Hani Hall (Dam se Bos)
Rheenendal Library		Khayaletu hall
Leisure Isle Library		Knysna Town Hall
Karatara Library		Brenton Hall
Masifunde Library (Concordia)		Rheenendal Community Hall
Rudolf Bali (Concordia)		Karatara Community Hall
Khayaletu Library		Smutsville Community Hall
Hornlee Library		Sedgefield Town Hall
Smutsville Library		Cearn Hall (Leisure Isle)
Fairview (Wheelie Wagon		
Brackenhill(Wheelie Wagon)		
Buffelskop (satellite mini library-open once every second week).		

Wheelie Wagons⁴⁷

Very small communities, consisting of a few hundred people only, are found all over the platteland. They are usually far away from the nearest town with a library. Building libraries in these small settlements are not economically viable. Wheelie Wagon libraries are an excellent way to fill this gap. A wheelie wagon library consists of two specially designed metal trolleys with lockable doors, containing about 1 000 books. They are usually housed in community halls, but not always.

⁴⁷ Western Cape Provincial Library Services, Insider's View April 2011

Libraries; Museums; Community Facilities; Other Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Completion of one Multi-purpose centre (TL42 – 2014/2015)	Completion of Multi-Purpose Centre in: <ul style="list-style-type: none"> • Smutsville (2014/2015) • Rheenendal (2015/2016) • White Location (2016/2017). 	Number	-	-	-	-	1	1	-	-	-
Identification and implementation of five social projects (TL62 – 2014/2015)	Five social programs to be identified and progress reported to Council.	Number	-	-	-	-	5	5	-	-	-
Development of a Youth Policy (TL33 – 2015/2016)	The policy is to provide the framework against which the municipality, as well as other role players can develop and implement programmes and projects that will facilitate the inclusion of youth in mainstream socio-economic life.	Number	-	-	-	-	-	-	1	-	-
Development of Youth Strategy (TL34 – 2015/2016)	The aim of the strategy is to address challenges and support the aspirations of the youth in the greater Knysna area. The Strategy is to be used as a guide to assist the youth in become active and responsible citizens	Number	-	-	-	-	-	-	1	-	-
Establishment of Youth Council (TL35 – 2015/2016)	The youth council will be representative from different areas and the needs of the youth will be addressed through sustainable programmes. Some of the challenges experienced by the youth of Knysna include the following:	Number	-	-	-	-	-	-	1	-	-

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0	0%
13 - 15	2	2	2	1	1	0	0%
10 - 12	8	6	10	11	10	1	9%
7 - 9	8	8	6	7	6	1	14%
4 - 6	34	34	30	29	28	1	3%
0 - 3	7	12	13	16	16	0	0%
Total	59	62	61	64	61	3	5%

Financial Performance: Libraries; Museums; Community Facilities and Other							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	10 397	8 465	8 551	8 866	5 %	4 %	
Expenditure:							
Employees	7 928	10 218	10 181	9 754	(5)%	(4)%	
Repairs and Maintenance	351	533	533	562	5 %	5 %	
Other	1 997	648	589	1 641	153 %	179 %	
Total Operational Expenditure	10 277	11 399	11 303	11 957	5 %	6 %	
Net Operational Expenditure	(120)	2 935	2 753	3 091	5 %	12 %	

Capital Expenditure: Libraries; Museums; Community Facilities and Other							R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)	
Total All	4 379	4 792	5 703	30%	19%	20 677	
Multi-Purpose Centres (MPC)	3 947	4 147	4 619	17%	11%	14 539	
Fencing	250	350	346	38%	(1%)	500	
Khayaletu: Book Detection system	132	132	131	(1%)	(1%)	132	
ICT Equipment: libraries		32	491		1 434%		
Total of Sundry Projects	50	131	117	134%	(11%)	5 506	

3.13 CEMETERIES⁴⁸

There are eight cemeteries in the GKMA which are being maintained on a continuous basis. The Knysna cemetery is currently running out of space and a new cemetery for Knysna is critical with only about 1 000 grave sites still available. A major challenge for the establishment of a new cemetery is the lack of available land and that is why cremation should be explored as a viable alternative to dispose of human remains in future. A Record of Decision (ROD) was issued by the Department of Environmental Affairs and Development Planning for the establishment of a crematorium but has expired and negotiations to review that ROD are in progress. The municipality is currently also exploring the expansion of the Rheenendal Cemetery.

Service Statistics - Cemeteries				
Type of service	2011/2012	2012/2013	2013/2014	2014/2015
Cemeteries	8	8	8	8
Funerals	308	305	351	334
Rebates awarded	67	65	67	67
Pauper burials	25	11	16	21

Employees: Cemeteries and Crematoriums							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0	0%
10 - 12	0	0	0	0	0	0	0%
7 - 9	1	1	1	1	0	1	100%
4 - 6	0	0	0	8	7	1	13%
0 - 3	7	8	8	0	0	0	0%
Total	8	9	9	9	7	2	22%

Financial Performance: Cemeteries					
					R'000
Details	2013/2014	2014/2015 ⁴⁹			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget %
Total Operational Revenue	253	227	227	250	10%
Expenditure:					
Employees	1 133	1 184	1 184	1 188	0%
Repairs and Maintenance	61	139	139	113	(19)%
Other	154	264	264	140	(47)%
Total Operational Expenditure	1 348	1 587	1 587	1 442	(9)%
Net Operational Expenditure	1 095	1 360	1 360	1 191	(12)%

⁴⁸ 7.6.6 Cemeteries, IDP Review 2015/2016

⁴⁹ Information to be updated on completion of external audit process (November 2015).

Capital Expenditure: Cemeteries						R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)
Total All	250	220	89	(65%)	(60%)	1 620
New Cemetery Knysna	250	150	20	(92%)	(86%)	1 620
Sedgefield Cemetery		70	68		(2%)	

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The Elderly⁵⁰

Elderly people are often neglected in municipal planning, especially the poorer and more vulnerable people who cannot afford decent residential accommodation. While there are a number of facilities catering for the wealthier retirees and aged, the same cannot be said for the bottom-end of the income market. The old age home in Hornlee as well as Loeriehof is almost at capacity with limited support staff. There are no formal homes for the aged in the remote regions or the Northern Areas of Knysna, which means that all elderly people are accommodated and transported to Hornlee. This situation is not sustainable and alternatives should be developed to ease the burden of overcrowding and the perpetuation of undignified human conditions. A request have been submitted to Department of Social Development via the IDP Indaba engagement to identify a Non-Governmental Organisation to champion the establishment of a state-subsidized retirement facility in the Northern Areas of Knysna. The Department committed to do a proper feasibility study and partner with the municipality in this regard. The municipality will support and facilitate programs of the Department of Social Development to ensure the protection of the rights of the aged in our communities.

Even though the municipality do not have a dedicated programme to strengthen the safety net for elderly people, it supports and form partnerships with existing programmes such as Age in Action and Knysna Alcohol and Drug Centre (KADAC) to sustain the dignity and improve the livelihoods of the elderly people in the area. The Eden District Municipality recently conducted a very successful awareness programme in the Knysna area focusing on the Rights of the Elderly, Elderly Abuse and is subsequently developing an action plan for elderly people in the Smutsville community. It put a spotlight on a number of issues experienced by elderly people which include:

- Abandonment by family members when they are admitted to a retirement home
- Access to proper frail care facilities
- Elderly grandparents must still look after small children which gets handed to them by children and grandchildren without proper financial and other resources
- Abuse of their old age pension by unemployed adult children

⁵⁰ 4.3.2 The Elderly, IDP Review 2015/2016

Another aspect that needs further exploring is the utilisation of the so-called “grey power” of ex-professionals who came to retire in Knysna but can still add a lot of value in the processes of the municipality with their special skills and wealth of experience. The Golden Games for elderly people has recently been shifted from the Department of Social Development to the Department of Cultural Affairs & Sport. Knysna Municipality is currently facilitating a process to re-introduce participation of elderly people in the Greater Knysna Municipal Area onto the Golden Games.

SOCIAL SECURITY

It is estimated that government provides social grants to over 15 million South Africans. These grants are allocated to the poorest of the poor which include the vulnerable groups, people living with disability, foster children and the elderly. The issuing of social grants is an attempt by the government to relieve the plight of the poor and marginalised. Although the social grants are a lifeline to recipients and families hovering on the brink of poverty, they do not enable recipients to break the cycle of poverty. The table below illustrates the distribution of social grants by category in the Knysna municipal area.

Area ⁵¹	Old Age Grant	War Veterans Grant	Disability Grant	Foster Child Grant	Child/foster (comb)	Care Dependency Grant	Child Support Grant	Total
Knysna	1 203	1	907	137	2	49	3 759	6 058
Hornlee	450	0	275	35	0	14	828	1 602
Rheenendal	213	0	181	26	4	4	499	927
Sedgefield	317	0	223	12	1	8	612	1 173
Karatara	114	0	82	2	0	8	152	358
TOTAL:	2 297	1	1 668	212	7	83	5 850	10 118

Table 1: Social Grants 2014

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and coastal protection.

3.15 POLLUTION CONTROL

Impact of Pollution and Waste⁵²

Despite efforts to maintain the cleanliness of the town, particularly in close proximity to the estuary, forests, seashore and other conservation areas, it must be emphasized that any pollution within the urban area will ultimately impact upon the estuary as it is eventually carried along streams and storm water channels that terminate in the estuary. Similarly, the natural water courses, storm water channels and groundwater may be polluted from a number of human-induced factors. These can be summarized as follow:

- Informal settlement areas having limited or no access to adequate toilet and waste water disposal systems

⁵¹ Source: SASSA

⁵² 4.9.1 Impact of Pollution and Waste, IDP Review 2015/2016

- Leaks and blockages in sewer infrastructure or sewer pipes are often in close proximity to storm water pipes
- Private septic tank units leaking or not operating effectively
- Operation failure and constraints at waste water treatment plants
- Illicit disposal of chemicals in storm water system or natural watercourses and
- Leaks and contamination from industrial and business activities

The Knysna Estuary Pollution Control Committee was formed in 2009 and comprised of the South African National Park, Eden District Municipality and Knysna Municipality. After a serious incident at the Knysna Waste Water Treatment Works in 2011, the committee was resurrected and reformed with weekly meetings, definitive goals, and a council-approved implementation plan with adequate financial resources coupled to it. A highly regarded aquatic and estuary specialist was appointed to advise the committee. SANParks, being the custodians of the estuary form the high water mark inwards, sample the deep channel and Eden District Municipality samples strategic inlets entering the lagoon while Knysna Municipality pays for the sampling and implements any other operational directives from the committee within its constitutional mandate.

The main focus of the committee is to monitor, through water sampling and other methods, the pollution levels of water entering the lagoon bearing in mind that it is used for recreational and as a food source. By design, most storm water drains discharge into the estuary together with the 8 mega litre a day Waste Water Treatment Works sitting 100 metres from the estuary. Through directives from the committee, studies have been commissioned with some currently underway which lead to a better understanding of the different sources of pollution entering the estuary and subsequently effective programmes have been put in place to reduce known levels of pollution.

Council has already approved a R68 million budget in the Knysna Pollution Prevention Programme to run over multiple years. Some of the funds had been grant funding for the upgrading of the Waste Water Treatment Works and from the Access to Basic Services programme run by the Department of Human Settlements. The programme focused on:

- An Access to Basic Services programme introduced in 2012 which saw the construction of approximately 750 ablution facilities thus assisting in reducing human waste in the rivers which drain the estuary;
- Culverts, sumps and drains are cleaned on a regular basis as they are the conduits of pollution into the estuary;
- An increase in the number of sampling points as well as the frequency thereof;
- A bacteria warning system for recreational users in the designated recreational areas;
- Planning of sampling information on the municipal website on a monthly basis or as when sampling results become available; and
- The use of the EPWP environmental conditional grant to provide more reliable refuse collection and cleaning services to otherwise inaccessible areas which drain into the estuary.

Environmental Degradation

The development pressures on sensitive land in town and surrounding areas ultimately may lead to environmental degradation. Amongst the most serious issues over and above those of pollution already mentioned are vegetation clearing and earthwork activities within areas identified for their rich biodiversity, and the impact of invasive alien species that are driving out endemic plant species and choking watercourses. The municipality constantly monitors and attempts to mitigate any clearing of conservation-worthy plants as with exposing of large areas of soils, excavation or

infilling which presents erosion risks and silt being carried into the estuary. There are also a number of initiatives underway for the identification of areas highly impacted by invasive plant species and the managed control thereof.

Air Quality Management

Knysna's geographic location in a basin means it is sensitive to air pollution as can be seen by the 'inversion layer' of fog which at times is present over the estuary and CBD. In the town's more industrial past the presence of timber factories producing smoke and soot may have reduced air quality. Nowadays there are fewer industries which obviously resulted in less emissions which are mostly and confined to the industrial area higher above the town and less likely to be 'trapped' within the basin.

An increase in traffic, particularly heavy vehicles, does mean more vehicular emission which has a negative air quality impact, however this is by no means unique to Knysna and the concern is limited relative to the number of vehicles in more populated areas. Some impoverished households within Knysna do still rely on open fires for heating and cooking which also contributes towards atmospheric pollution even though it is on a very small scale. The hazardous safety and health risk is a bit greater because some residents actually light these fires inside their homes without adequate ventilation. Knysna Municipality participated in the development of a district-wide Air Quality strategy with Eden District Municipality. The Air Quality Strategy has been completed and approved by council.

Knysna Municipality will pursue the vision and mission of the Air Quality Management Plan through a series of nine objectives (listed below), each aimed at supporting the air quality management plan compiled for Eden District Municipality.

- Objective 1: Set Air Quality Goals
- Objective 2: Set Up Air Quality Management Systems
- Objective 3: Carry out Risk Assessments
- Objective 4: Assess and Select Control Measures
- Objective 5: Implementation of Intervention and Monitoring Effectiveness
- Objective 6: Revise Air Quality Goals
- Objective 7: Integrate the AQMP into the IDP
- Objective 8: Compliance Monitoring
- Objective 9: Review the Air Quality Management Plan

To meet the requirements of both the Air Quality Act and National Framework extensive steps were taken to inform the public of the AQMP review process and to solicit comments as widely as possible. Advertisements of the two public meetings were published in local newspapers, details of the process were given to the Air Quality Forum members, all industries, rate payers associations, NGOs, etc. Ample opportunity was, therefore, given to the public in general to comment on any and all of the reports.

By appointing an air quality officer, Knysna has already formalised the air quality management function in its area. A summary of the AQMP done in conjunction with Eden District Municipality is available on the Knysna Municipality website at www.knysna.gov.za

Section 15 (1) of the National Environmental Management Air Quality Act (39 Of 2004) makes the development of an Air Quality Management Plan a statutory requirement and the sole objective of the plan is to assess the state of air quality within the region.

With the promulgation of the National Environmental Management: Air Quality Act 17, the focus of air quality management shifted from source control to management of pollutants in the ambient environment through air quality management planning. Exposure to ambient air pollutants can cause a range of significant effects on quality of life such as offensive odors, irritation of eyes, the upper respiratory system and skin, and acute and long-term toxic effects.

The actions required can be summarised as follows:

Response Required	Municipal Action	Progress	Timeframe
Improved air quality	Developing an Air Quality Management Plan in conjunction with Eden District Municipality	The Air Quality Management Plan has been completed and duly adopted by Council. It is now being implemented	2015/2016
SWOT	Conduct a SWOT analysis and develop actions to address the challenges	Comprehensive SWOT Analysis has been incorporated in the adopted Air Quality Management Plan	
Programmes to improve air quality	Implementation of programmes & projects to improve air quality	Action plan for the implementation of air quality programmes & projects is incorporated in the Air Quality Management Plan	2015 – 2017

Environmental Degradation

The development pressures on sensitive land in town and surrounding areas ultimately may lead to environmental degradation. Amongst the most serious issues over and above those of pollution already mentioned are vegetation clearing and earthwork activities within areas identified for their rich biodiversity, and the impact of invasive alien species that are driving out endemic plant species and choking watercourses. The municipality constantly monitors and attempts to mitigate any clearing of conservation-worthy plants as with exposing of large areas of soils, excavation or infilling which presents erosion risks and silt being carried into the estuary. There are also a number of initiatives underway for the identification of areas highly impacted by invasive plant species and the managed control thereof.

Pollution Control Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Estuary Pollution Management Programme (TL28 – 2015/2016)	Recreational Water Quality Monitoring.	Number					-	-	12	12	12
	Number of tests done.										

ENVIRONMENTAL MANAGEMENT

Environmental Management⁵³

The vision of Knysna Municipality, “Where people and nature prosper” underlines the commitment of the Council in ensuring that the conservation of our natural resources is of paramount importance. The municipality is fortunate to be located within a major national park, the Garden Route National Park which makes conservation much easier to achieve, even though the municipality is not directly involved in the daily management of the park. Through the Outeniqua Sensitive Coastal Area Regulations, the municipality is able to ensure that conservation is achieved on a small scale level as it has to process applications for the removal of flora in certain listed areas. To this end, the municipality has developed a system which keeps track of all in the listed and gazetted properties on a monthly basis.

Through continuous monitoring, updating of by-laws and municipal policies, the Municipal Department of Environmental Management is able to instil a culture of sustainable development which will ensure that the vision of Knysna Municipality is being realised. Eco-tourism is an essential element in the strategy to promote the Knysna region as a sought after tourist destination. Some of the major tourist attractions are the lagoon/estuary and the pockets of indigenous forest under protection which also serve as part of the industrial component of the economy of Knysna through the timber sector. There are many environmental goods that play a major role in the socio-economic fabric of Knysna and it is in the interest of the municipality to conserve these resources for the continued sustenance of its inhabitants.

The major environmental challenges include risks from flooding and droughts, wild fires, poaching, landslides, rock falls, alien vegetation infestation, land degradation, water pollution, visual pollution and deforestation. Through collaboration with various stakeholders the municipality has a number of programmes and strategies that aim to reduce environmental risks, amongst them being:

- Estuary Pollution Management Programme
- A Climate Adaptation Strategy is being developed to find tools to adapt to the challenges posed by climate change
- Working for the Coast Programme administered by the South African National Parks
- The Knysna River Health Programme
- The Knysna Coastal Management Programme currently under development

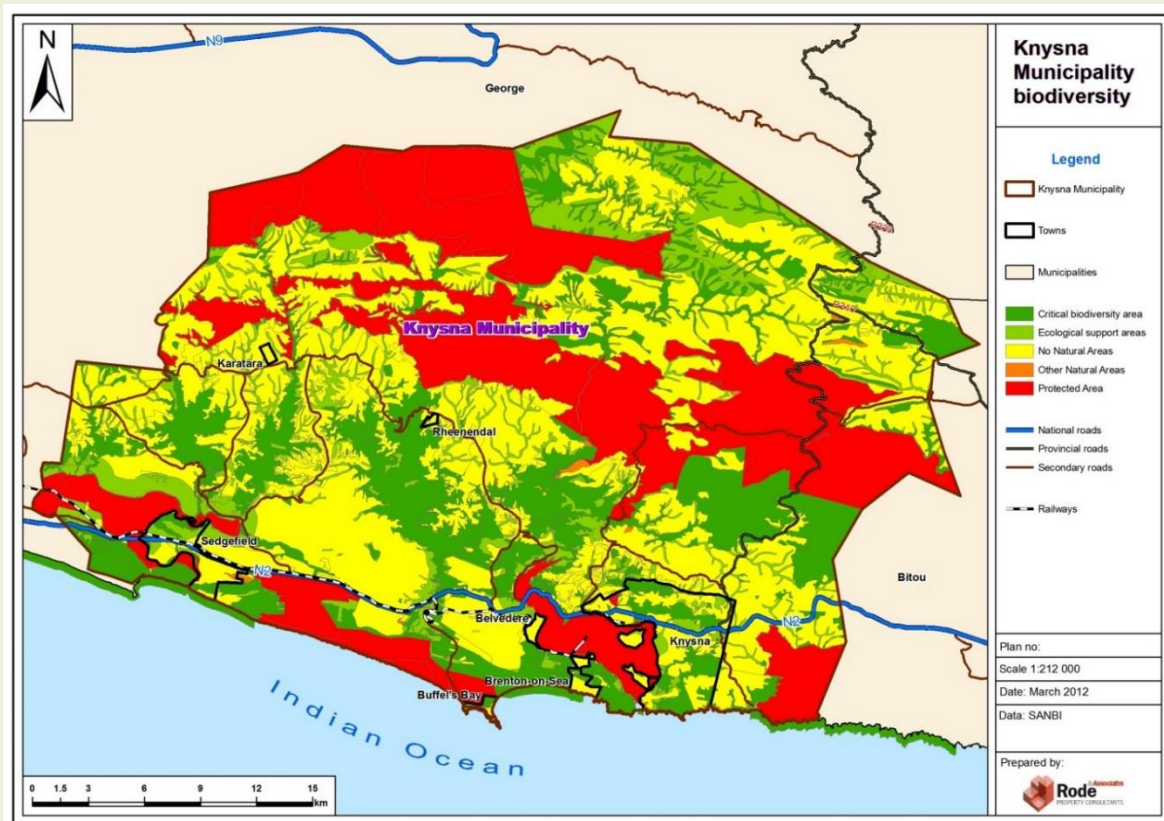
The map below provides the best available scientific information regarding the biodiversity resources in Knysna Municipality that need to be retained in the long-term. This is to ensure the maintenance of healthy eco-systems which are fundamental to the wellbeing of people since nature provides human kind with food, clean water and many other tangible and intangible benefits, sometimes referred to as eco-system services.

The Critical Biodiversity Areas layer represents sites identified as Critical Biodiversity Areas (CBAs) through the systematic assessment conducted by the CAPE Fine-Scale Biodiversity Planning (FSP) project. Taken as a whole (terrestrial plus aquatic CBAs), these represent the sites

⁵³ 4.9 Environmental Management, IDP Review 2015/2016

required to meet biodiversity pattern targets and ecological process objectives. The Critical Ecological Support Areas: Aquatic layer represents aquatic sites identified as Critical Ecological Support Areas (CESA's) through the systematic assessment conducted by the CAPE Fine-Scale Biodiversity Planning (FSP) project. CESA's include both the aquatic feature as well as the required buffer area surrounding the aquatic feature.

The Other Natural Areas layer represents all natural areas that have not been recognized as Critical Biodiversity Areas (aquatic and terrestrial), Ecological Support Areas (critical and other) or National Protected Areas but are also not considered to be irreversibly transformed (No Natural Remaining Areas). It can include natural, near natural or degraded lands (South African National Biodiversity Institute 2011).



One of Council's strategic objectives is, to ensure ecological integrity through sustainable practices of municipal governance. This is achieved by ensuring that internal processes which have an effect on the environment are in with best practice operating procedures and legislation. In terms of its governance role as the relevant authority in assessing land use proposals, the municipality has systems in place which ensure that these ideals are realised. Every proposal, regardless of size, is carefully scrutinized for compliance before it may go ahead.

There are a number of tools which are used to achieve the abovementioned strategic objective, amongst them being, structured strategic stakeholder engagements and collaborations, by-laws aimed at ensuring compliance and instilling a sense of responsibility in the citizenry, environmental education outreach programmes aimed at various sectors of the population, the use of various grant funding vehicles to implement some of the programmes.

Environmental Conservation is of great significance in the socio-economic fabric of Knysna and its surroundings simply the whole existence of Knysna rests on its natural resources. From its earliest inhabitants, the Qoena and the Houteniqua to the current cosmopolitan population, the natural resources have provided the basis for human habitation. The only thing that has changed is the focus areas and the beneficiation of natural resources. In the early years of westernisation, the indigenous vegetation, namely the timber provided the impetus for the changes in the socio-economic outlook of Knysna. Since 2009, the role of the primary natural resource has since diminished to some extent both in terms of employment and contribution to the GGP of the town. Regardless of these changes, environmental conservation is extremely significant as it still is the main attraction for the other sectors of the economy to relocate here.

The value chain of the natural resources in Knysna is connected directly and indirectly to environmental conservation. The Knysna estuary, the indigenous forest and the pristine coastline sprinkled with an abundant wildlife which seems to have adapted to human encroachment are the reasons why business people relocate their businesses here. The tranquil small town feeling of Knysna is a key attraction for specialised tertiary economic sectors to relocate here. The town is enveloped by the Garden Route National Park, of which the estuary forms a part of, and is the main tourist attraction. It can be deduced from the fact that development has been restricted along the estuary mainly due to efforts from the environmental conservation sector. The contribution of the tourist industry in Knysna cannot be ignored. The tourists come for the natural beauty of the area, their stay ensures more employment opportunities for local residents.

Fundamental challenges in terms of Environmental Management include the following:

- It is a difficult task to balance economic development with environmental conservation at the same time. The municipality faces a lot of pressure from private developers who contribute to the economy through further development. The municipality will then have increased rates base as well as capital contributions from new developments. The approval of more developments has the potential to change Knysna into a carbon copy of other towns and thus lose its tourist appeal. New developments have the potential to drastically change the area spatially into a sterilised manicured urban outpost.
- The provision of housing poses a big threat to environmental conservation in Knysna as more land has to be made available for these developments. Due to the shortage of suitable land for development, more indigenous forest areas will have to be removed to make way for housing. It is quite difficult to make environmental conservation a top priority for low or no income citizens who are in dire need of shelter.
- National environmental legislation which is designed to protect the environment is still new in South Africa and this makes enforcement very difficult. There are no specific environmental by-laws which are designed for environmental conservation. The legal fraternity is still in the process of learning the prosecution of environmental crimes which makes current issues and programmes difficult to implement.

IMPACT OF CLIMATE CHANGE

Impact of Climate Change⁵⁴

Climate Change is increasingly elevated as a boiling point and big focus on the global agenda. The reason for this is that the world is very quickly experiencing the effect of this phenomenon on fundamental socio-economic indicators such as water, sanitation, food security, health, energy, industrial developments and human settlements. Knysna Municipality is no exception and it presents serious threats to the future of the town and its environs because of the sensitivity of the estuary to rising sea levels and the risk to development in low lying areas. Furthermore, changing rainfall patterns and extreme weather events have already had an impact on the town and environs in the past. Knysna has recently recovered from the worst drought on record requiring emergency augmentation and restriction measures to secure a supply of water for the growing population.

In the past five years floods have caused major damage to property and infrastructure and put lives at risk, most notable being the floods in Sedgefield which had a significant effect on financial and insurance arrangements of the affected households. Special attention to the susceptibility of Sedgefield is given in the Disaster Management Plan and a Joint Management Action Plan for the area has been developed by the authorities and community representatives.

The surrounding areas have also suffered major fires under hot and dry conditions. These issues not only affect the human population, but the endemic flora and the fauna are particularly susceptible to lasting changes in climate conditions. Over the long term this will lead to major loss of biodiversity. In Knysna some mitigation measures against the repercussions of climate change are already in place, ranging from restrictions to develop in areas at risk of flooding, and desalination equipment to secure a fresh water supply.

The consultants who are developing the Integrated Strategic Development Framework (ISDF) will also include a comprehensive Strategic Environmental Assessment as part of their brief. This strategy will identify the impact of development on the natural environment and development future management frameworks to reduce associated environmental risks. The assessment will also include a Climate Change Adaption Strategy for the town which will seek to find ways in which to adapt to the effects of climate change on an operational and strategic level.

The first draft of the SEA has been included in the ISDF documentation and is available on www.knysna.gov.za for viewing. It will provide a more structured and quantified development strategy which will take into account the environmental opportunity costs which come with development. It will also assist in demarcating agreed no-go areas which will be reserved for the conservation of the natural environment.

INTEGRATED COASTAL MANAGEMENT STRATEGY

Coastal management in South Africa is regulated by the Integrated Coastal Management Act (Act 24 of 2008), which aims to ensure that the coast of South Africa is managed in a manner which promotes risk aversion and the application of the precautionary principle. The municipality in collaboration with Eden District Municipality is in the process of developing a Coastal Management

⁵⁴ 4.9.2 Impact of Climate Change, IDP Review 2015/2016

Strategy to give effect to the abovementioned legislation. The objective of this strategy is to ensure the integrated management and the sustainable use of the coastline through the implementation of the following intervention strategies.

- Management strategy;
- Administrative strategy; and
- Operational strategy.

The actions required can be summarised as follows:

Actions Required	Municipal Action	Progress	Timeframe
Coastal Management Plan	Develop plan in collaboration with Eden DM	Done	Done
Empowerment of local communities to understand the value of preserving the coastline	Workshops with community stakeholders to enhance awareness of the Coastal Management Plan	Workshops with relevant stakeholders are being done on a continuous basis	2015/2016

PARKS

The following well-maintained parks and recreational areas are available in the GKMA:

Play Parks	Number	Play Parks	Number
Cathy Park	1	Khayaletu	3
Dam Se Bos	1	Rheenendal	2
Flenters	1	Sedgefield	1
Hlalani	1	Smutsville	1
Hornlee	2	White Location	1
Karatara	2	Total	16

Employees: Bio-Diversity; Landscape and Other							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0	0%
13 - 15	1	1	1	1	1	0	0%
10 - 12	0	1	1	1	1	0	0%
7 - 9	1	1	0	1	1	0	0%
4 - 6	0	0	0	0	0	0	0%
0 - 3	0	0	0	0	0	0	0%
Total	2	3	2	3	3	0	0%

Financial Performance Year 2013/2014: Bio-Diversity; Landscape and Other						
R'000						
Details	2013/2014	2014/2015				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget
Total Operational Revenue	3 908 ⁵⁵	-	-	-	-	-
Expenditure:						
Employees	1 025	982	1 042	1 248	27 %	20 %
Repairs and Maintenance	-	-	-	-	-	-
Other	311	55	55	50	(10)%	(10)%
Total Operational Expenditure	1 336	1 037	1 097	1 298	25 %	18 %
Net Operational Expenditure	(2 571)	1 037	1 097	1 298	25 %	18 %

Capital Expenditure: Bio-Diversity; Landscape and Other						
R' 000						
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)
Total All	670	670	687	3%	3%	7 677
Replace Vehicles	670	670	687	3%	3%	3 290
Dune Re-Establishment						4 308
Refurbish Parks Restroom						79

COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.⁵⁶

3.17 HEALTH

This section of the profile highlights the current health infrastructure and human resource capacity in the public health sector and burden of disease in the Knysna municipal area. One of the highlights is the full scale expansion project at the Knysna Hospital in the last couple of years. The Department of Health also announced that a fully resourced pathology unit will be established at the Knysna Hospital in 2017. The municipality has partnered with the Department of Health and other relevant stakeholders to implement a pilot programme in the Sedgfield community called "Building Healthier Communities". This demonstrates the moving from a preventative to a wellness approach in terms of health management.

⁵⁵ Government Transfers - Contributed Assets

⁵⁶ 4.4 Health Profile, IDP Review 2015/2016

Access to Health Facilities⁵⁷

Municipality	Community Health Centres	Community Day Centres	Clinics	Satellite Clinics	Mobile Clinics	District Hospitals	Regional Hospitals	Total
Eden District	0	5	36	10	23	6	1	82
Kannaland	0	0	3	0	2	1	0	6
Hessequa	0	0	5	2	3	1	0	11
Mossel Bay	0	0	4	5	5	1	0	15
George	0	2	10	1	7	1	1	22
Oudtshoorn	0	1	5	0	3	1	0	10
Bitou	0	1	4	1	1	0	0	7
Knysna	0	1	5	1	2	1	0	10

Health Human Resource Capacity

A total of 9 doctors and 58 professional nurses have been employed by the Department of Health to render health services to patients attending the primary health care facilities in the GKMA. The health human resource capacity reflected herein does not include those who are in private practice in the region.

Knysna ⁵⁸	2010	2011	2013	2014
Primary Healthcare Doctors	2	2	2	2
Number of Doctors at District Hospitals	7	7	7	18
Primary Healthcare – Professional Nurses : Bitou \ Knysna	19	19	19	19 \ 25
Number of Professional Nurses at District Hospitals	39	39	39	41

Burden of Disease⁵⁹

Municipality	ART Patient load (June 2014)	Number of Anti-Retroviral Treatment (ART) Sites	Number of TB Clinics
Eden District	7 549	12	71
Kannaland Local Municipality	12	0	7
Hessequa Local Municipality	154	1	8
Mossel Bay Local Municipality	1 197	1	15
George Local Municipality	2 476	2	14
Oudtshoorn Local Municipality	591	1	13
Bitou Local Municipality	1 749	1	7
Knysna Local Municipality	2 328	6	7

The Western Cape Department of Health reported that in June 2014 that 2 328 patients were receiving anti-retroviral treatment at the six anti-retroviral treatment (ART) service sites located in Knysna. This accounts for approximately 20% of the total 7 549 HIV/Aids patients being treated with ART within the Eden District and accounts for the second largest HIV/Aids population in the region after George Municipality. ARV treatment in Knysna currently includes more than 90 children. A further 400 patients are known HIV positive, but are currently healthy enough not to require ARV medication at present. These patients are continuously being monitored and cared

⁵⁷ Source: Western Cape Department of Health, 2014

⁵⁸ Source: Department of Health, 2014

⁵⁹ Source: Western Cape Department of Health, 2014

for in the HIV care or pre-ART programme. No waiting lists for ARV treatment exist in Knysna. ARV treatment is available at all Primary Health Care clinics in a nurse-driven doctor-supported model. Historically Knysna was one of the first towns to have an ART site, and this impacted on the prevailing statistics.

Knysna Municipality is in the process of drafting a comprehensive HIV/Aids strategy, but it will certainly require adequate funding to implement this strategy effectively. The municipality will continue to solicit the participation of the Departments of Health and Social Development in this regard, recognising that this is the core function of these two departments. Prevention of Mother to Child Transmission is available at all clinics. The action plan below will pave the way for the effective implementation of an HIV/Aids & TB strategy. A total number of seven Tuberculosis (TB) clinics are currently rendering a very effective treatment service in the area.

Response Required	Municipal Action	Progress status	Timeframe
Increased advocacy by Council to address HIV/Aids and TB, thereby increasing knowledge, improving the utilisation of services and reducing stigma in the greater Knysna area	Launch an internal and external awareness campaign for HIV/Aids and TB	A comprehensive awareness campaign to be rolled out in the next financial year with the assistance from Eden District Municipality	2015/2016
HIV/Aids and TB internally mainstreamed within the Knysna Municipality, providing all municipal employees with a comprehensive HIV/Aids and TB policy and programme	Develop an internal policy and workshop it with all municipal employees	An internal HIV/Aids policy has been developed and workshops will be held with employees in each Directorate	2015/2016
Underlying development conditions have been addressed in order to reduce susceptibility to HIV infection and vulnerability to the impacts of HIV/Aids and TB amongst communities within the greater Knysna area	Continuous awareness on municipal communications	To engage with the different stakeholders in this regard	2015 – 2017
Knysna Municipality ensures a co-ordinated HIV/Aids and TB response by all stakeholders in the implementation of programmes and interventions of the community of the greater Knysna area	Participate effectively in IGR structures established to combat HIV/Aids and TB	The Greater Knysna Welfare Forum is in the process of being established. The Terms of Reference for the forum has been drafted and will be circulated for comment	2015 – 2017
Increased access of Knysna Municipality residents and visitors to HIV/Aids and TB information and services	Communication at information centres	The Teta municipal newsletter and the official website of the municipality will be utilised to improve access to information on HIV/Aids and TB	2015 – 2017
Review and update HIV/Aids & TB strategy	The plan will be reviewed and updated and the financial elements will be included in the budget.	The draft HIV/Aids and TB strategy will be tabled to Council for adoption in due course	2015/2016

Health Inspection and Etc. Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Roll out of awareness campaign for the HIV/AIDS and TB strategy (TL41 – 2014/2015)	HIV/AIDS and TB strategy to be implemented effectively and embarking on a comprehensive awareness campaign in partnership with Eden and the Departments of Social Development and Health. The HIV/AIDS and TB strategy will be reviewed as and when required A comprehensive awareness campaign to be rolled out in the next financial year with the assistance from Eden District Municipality	Number	-	-	-	-	1	⁶⁰	-	-	-
Regular reporting to Council on the operations of the Greater Knysna Welfare Forum (TL69 – 2014/2015) and (TL24 – 2015/2016)	Quarterly reports to the Section 80 Committee meeting on programs that have been initiated by the Greater Knysna Welfare Forum and that minutes of the meetings held every two months be submitted to Council for information.	Number	-	-	-	-	6	⁶¹	6	6	6

⁶⁰ Replaced as part of the midyear review and adjustment budget process

⁶¹ Added as part of the midyear review and adjustment budget process

COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management; licensing and control of animals; and control of public nuisances.

3.18 LAW ENFORCEMENT (SAFETY AND SECURITY)

Safety and Security

Section 12 of the Constitution stipulates that every person has the right to safety and security and subsequently, the strategic objectives of Council focus quite strongly on ensuring a safe and secure environment for the people who live here as well as the visitors to the area. That is why the Knysna Municipality participates actively in the programmes and projects of SAPS, the Department of Community Safety, Community Police Forums and any other agency that aims to facilitate safety and security. Representatives from Knysna Municipality serve on the local Community Police Forums and joint crime prevention operations between the law enforcement department of the municipality, Provincial er and the SAPS are done on a regular basis. The SAPS interact on a regular basis with the municipality to address factors that might hamper effective policing of crime which include street naming, house numbering, and installation of adequate lighting in crime hotspots, empty buildings and overgrown open spaces.

Knysna Municipality, in collaboration with the Community Police Forums, the South African Police Service and Provincial Department of Community Safety, embarked on the development and implementation of a Community Safety Plan to address crime challenges in the Greater Knysna Municipal Area. This plan can be regarded as a collaborative partnership to combat crime and establish a safer environment for the residents as well as the visitors to the area. During the public participation process it was quite apparent that communities and stakeholders want to see more visible and effective policing and have prioritised the establishment of SAPS service stations closer to crime infested areas. The SAPS Cluster in the Eden District has conducted a comprehensive feasibility study for the establishment of additional police or satellite stations especially in the Northern Areas of Knysna, Rheenendal and Karatara. The municipality will certainly assist if land or premises are required for the establishment of police stations where possible. The SAPS has however indicated that plans for the establishment of a satellite police station in the Northern Areas of Knysna have been discontinued due to the lack of required financial resources and will explore alternative options to improve visible policing especially in remote areas. The need for satellite police stations have again been highlighted at the recent IDP Indaba engagements.

The Community Safety Plan defines clear roles and responsibilities between the respective authorities in respect of safety & security and it focusses on the effective implementation of the following joint national and local crime prevention campaigns:

- Child protection week
- 16 Days of activism against violence against women and children
- International Drug Awareness Day (usually during youth month in June every year)
- Special focus on crimes against women and children, domestic violence and sexual offences (During women's month in August every year)
- Safer Schools Campaign (deployment of neighbourhood watch volunteers at schools where a high rate of incidents occur)

- Back to School Campaign (Assisting to get early school leavers back in the school system)
- Victim Support Programme
- Love your Car Initiative
- Substance abuse awareness programmes
- Implementation of holiday programmes with NGO's

The table below illustrates the number of crimes within selected crime categories that was reported to police stations located in Knysna over the period April 2011 to March 2014:⁶²

Crime Category	April 2011 to March 2012	April 2012 to March 2013	April 2013 to March 2014	April 2014 to March 2015 ⁶³
CONTACT CRIME (CRIMES AGAINST THE PERSON)				
Murder	26	16	12	
Total Sexual Crimes	205	183	137	
Attempted Murder	8	15	17	
Assault with the intent to inflict grievous bodily harm	426	471	472	
Common Assault	448	507	546	
Common Robbery	128	111	138	
Robbery with aggravating circumstances	90	108	207	
CONTACT RELATED CRIMES				
Arson	13	11	15	
Malicious damage to property	315	299	295	
PROPERTY RELATED CRIMES				
Burglary at non-residential premises	123	198	199	
Burglary at residential premises	917	934	1081	
Theft of motor vehicle and motorcycle	29	37	40	
Theft out of or from motor vehicle	387	462	567	
Stock theft	5	5	2	
CRIMES HEAVILY DEPENDENT ON POLICE ACTION FOR DETECTION				
Illegal possession of firearms and ammunition	15	13	12	
Drug-related crime	856	927	973	
Driving under the influence of alcohol or drugs	445	335	224	

The above crime statistics reveal that the incidence of murders investigated by the Knysna Police Precinct decreased by 4 cases in 2014 than in the previous year. Sexual offences reported to the police continuous on a downward trend from 183 in 2013 to 137 in 2014 while drug related crimes shows a considerable increase in comparison with 2013. According to the Knysna Police Precinct the current priority crimes are household burglaries, theft from motor vehicles, assaults and drug related offences.

⁶² Source: SAPS 2014

⁶³ Omitted information available late 2015

Law Enforcement Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Traffic Safety Plan submitted to Council (TL44 – 2014/2015)	<p>The Traffic Safety Plan is to be approved by Council. The aim of the plan is to assist the Municipality to fulfil its obligation to improve the safety of all traffic networks users in its area of jurisdiction.</p> <p>The TSP is to include specific focus on Rural and School Transport as well as Scholar Patrols.</p> <p>In addition the TSP must be aligned to the strategies, policies and operational practices of the Western Cape Provincial Government Department of Transport and Public Works.</p>	Number	-	-	-	-	1	1	-	-	-

Employees: Law Enforcement							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0	0%
13 - 15	2	2	2	2	2	0	0%
10 - 12	13	12	18	17	17	0	0%
7 - 9	9	15	10	11	11	0	0%
4 - 6	5	6	6	6	6	0	0%
0 - 3	0	0	1	0	0	0	0%
Total	29	35	37	36	36	0	0%

Financial Performance: Law Enforcement							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	50 185	15 167	78 167	85 880 ⁶⁴	466 %	10 %	
Expenditure:							
Employees	10 822	9 365	9 915	11 460	22 %	16 %	
Repairs and Maintenance	114	231	231	468	102 %	102 %	
Other	43 910	5 698	68 690	66 305 ⁶⁵	1 064 %	(3)%	
Total Operational Expenditure	54 846	15 294	78 836	78 233	412 %	(1)%	
Net Operational Expenditure	4 661	127	669	(7 648)	(6 144)%	(1 243)%	

Capital Expenditure: Law Enforcement							R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)	
Total All	350	350	165	(53%)	(53%)	2 074	
Vehicles (new and replaced)	350	350	165	(53%)	(53%)	2 074	

3.19 FIRE

There are three fire stations within the greater Knysna area and all are operational on a 24 hour basis. The Sedgefield station also operates an emergency response vehicle that has been used with great success in the Sedgefield and Karatara. Knysna Municipality does have an agreement with neighbouring municipalities where assistance is given during the event of emergencies. Due

⁶⁴ Fines income (accrued)

⁶⁵ Debt impairment (provision) related to accrued traffic fines

to the ever-increasing risk in the informal areas a new station will soon be required on the Eastern borders of the Municipal area.

Fire Service Data						
Details		2011/2012	2012/2013	2013/2014	2014/2015	
		Actual No.	Actual No.	Actual No.	Estimate No.	Actual No.
1	Total fires attended in the year	546	479	428	Outside the control of the municipality therefore no estimate	
2	Total of other incidents attended in the year	418	630	468		
3	Average turnout time - urban areas	10 min	10min	9min		
4	Average turnout time - rural areas	10 min	10min	9min		
5	Fire fighters in post at year end	29	29	29		
6	Total fire appliances at year end	8	8	6		
7	Average number of appliance off the road during the year	0	0	0		

Employees: Fire Services							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0	0%
13 - 15	1	1	0	1	1	0	0%
10 - 12	5	5	6	6	5	1	17%
7 - 9	10	10	10	25	25	0	0%
4 - 6	3	16	14	0	0	0	0%
0 - 3	0	0	0	0	0	0	0%
Total	19	32	30	32	31	1	3%

Financial Performance: Fire Services							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	240	90	90	343	281 %	281 %	
Expenditure:							
Employees	8 428	7 952	8 252	9 525	20 %	15 %	
Repairs and Maintenance	116	67	67	262	292 %	292 %	
Other	1 787	962	962	1 537	60 %	60 %	
Total Operational Expenditure	10 331	8 981	9 281	11 324	26 %	22 %	
Net Operational Expenditure	10 092	8 891	9 191	10 982	24 %	19 %	

Capital Expenditure: Fire Services						R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)
Total All		600	493		(18%)	9 188
Upgrade Fire Station		600	493		(18%)	
Relocation of Satellite Fire Station						4 000
Fire station: Major pump						3 000
Vehicle replacements						2 188

3.20 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES)

Disaster Management⁶⁶

Disaster Management Plan

As per Section 53 (1) of the Disaster Management Act, 57 of 2005 each municipality must:

- prepare a disaster management plan for its area according to the circumstances prevailing in the area;
- co-ordinate and align the implementation of its plan with those of other organs of state and institutional role-players; and
- regularly review and update its plan; and through appropriate mechanisms, processes and procedures established in terms of Chapter 4 of the Local Government Systems Act, 2000 (Act No. 32 of 2000), consult the local community on the preparation or amendment of its plan.

The Knysna Local Municipality is primarily responsible for the implementation of the Disaster Management Act (No. 57 of 2002) within its area of jurisdiction, with a specific focus on ensuring effective and focused disaster risk reduction planning. With the new approach to Disaster Risk Management in South Africa and world-wide, the emphasis changed from response to disasters to pre-disaster risk reduction. The process of disaster risk reduction should therefore commence with a process of risk identification and assessment. The outcomes of a disaster risk assessment can ensure that all developmental initiatives as well as contingency planning and practice of the municipality are informed by accurate knowledge of potential disaster risk, enabling various stakeholders to contribute to the reduction of such risk.

The review and update of the current district level disaster risk assessment of the Eden District Municipality (EDM) was completed in the March 2013. This study was undertaken with the aim of providing relevant EDM disaster risk managers and municipal role-players with a user-friendly working document focusing on pertinent risks in the Eden District.

⁶⁶ 7.9 Disaster Management, IDP Review 2015/2016

DMS was responsible for the standardisation of the Risk Assessment Methodology of the Western Cape and has also been awarded the contract of the updating of Eden District Municipality Disaster Risk Assessment on behalf of and with the support of the Western Cape Disaster Management (WCDM). As such, the extension of this tender is the inclusion of a community based risk assessment for the Knysna Municipality to ensure that the updated risk profile will be complete. The aim of the project was to undertake a Community Based Risk Assessment (CBRA) within the Knysna Local Municipality. The CBRA had to be done in accordance with the Western Cape Standardised Disaster Risk Assessment Methodology. The CBRA had to focus on the risks as highlighted in the Eden District Municipality risk assessment document as well as the Knysna Municipal Disaster Risk Template.

The risk assessment consisted of the following:

- Undertaking a current reality assessment of the municipal area.
- Engaging stakeholders via workshops to determine the perceived risk for the area.
- Mapping areas of high risk within the area.
- Analysing and consolidating the results.
- Incorporating results into the disaster risk assessment of the EDM.
- Identifying possible risk reduction interventions and programmes for the prioritised risks.

The disaster management plan of Knysna Municipality:

- forms an integral part of its Integrated Development Plan (IDP);
- anticipates the types of disasters that are likely to occur in the municipal area and their possible effect;
- places emphasis on measures that reduce the vulnerability of disaster-prone areas, communities and households;
- seeks to develop a system of incentives that will promote disaster management in the municipality;
- identifies the areas, communities or households at risk;
- takes into account indigenous knowledge relating to disaster management;
- promotes disaster management research;
- identifies and address weaknesses in capacity to deal with disasters;
- provides for appropriate prevention and mitigation strategies;
- facilitates maximum emergency preparedness; and
- Contains contingency plans and emergency procedures in the event of a disaster.

A number of effective programmes have been implemented during the last financial year to address the above requirements, which include:

- Awareness programmes to protect citizens from fires and floods
- Regular cleaning of the storm water channels
- Clean-up programmes of rivers and streams
- Fire & Rescue Department also does regular awareness programmes on fire prevention
- Community based risk assessment within the Knysna area.

The plan also makes provision for a number of risk management strategies which include:

TYPE OF RISK	RISK MANAGEMENT STRATEGY
Fires	All fires to be dealt with in terms of the standard operating procedures. Risk reductions undertaken by regular inspection, awareness programs and the creation and maintenance of fire breaks.
Droughts	Extreme droughts will be dealt with in terms of the Disaster Management Act. The risk reduction strategy includes a water demand management strategy and ongoing water use awareness campaigns.

TYPE OF RISK	RISK MANAGEMENT STRATEGY
Floods	Procedures will be implemented in terms of the Disaster Management Plan. Preventative measures to reduce flooding include the regular clearing of storm water drains.
Major Incidents	Major incidents which cannot be addressed with own personnel, tools & equipment will be managed with the support of Eden District Municipality in terms of the Disaster Management Protocol.
Hazardous Incidents	To be dealt with in terms of the Disaster Management Plan and particularly the Hazardous Substance Act. Part of the mitigating factors include ensuring that the officials have the adequate equipment, protective clothing and training to deal with the hazard.
Pollution	Pollution management is conducted in terms of relevant legislation. Risk reduction includes the implementation of awareness and educational programmes amongst all relevant stakeholders
Climate Change	<ul style="list-style-type: none"> Climate change is a significant and lasting change in the statistical distribution of weather patterns over periods ranging from decades to millions of years. It may be a change in average weather conditions, or in the distribution of weather around the average conditions (i.e., more or fewer extreme weather events). Due to its physical location, topography and the climatic conditions of the district the GKMA is particularly vulnerable to the impact of climate change. The implications for the GKMA are that, with the shift in seasonal periods, there will be more unseasonal floods. It will be extremely difficult to predict "flooding periods". This phenomenon has already been experienced in the area where flooding occurred out of "season".
Storm surges	Sections of coast that do not have natural defenses are vulnerable to storm surges. The majority of the region is at a moderate to high risk from extreme coastal events such as large storm surges and tsunamis. The regions most at risk include Still Bay, the Mosselbay area, Wilderness to Knysna area, and the Plettenberg Bay to Nature's Valley.
Severe Storms (strong winds)	Severe storms are atmospheric disturbances usually characterized by strong winds, with rain, flash flooding, hail, thunder and lightning, in various combinations. Severe storms are localized events, usually affecting smaller areas than tropical cyclones and floods, so their devastating impact is often underestimated.

Financial resources remain a challenge in terms of disaster management, simply because a municipality can never budget for a disaster adequately. The Fire & Rescue Department of Knysna Municipality normally create a budget vote when a disaster occurs. Human resources capacity is also a concern, and a full-time Disaster coordinator must be appointed to facilitate the public awareness, education and training programmes in order to enhance a pro-active approach towards disaster management. It is anticipated that this matter will be addressed by the Organizational Review process that is currently underway in the municipality, however, immediate relief mechanisms are in place to deal with the emergency at hand.

Disaster Management Analysis for Knysna Municipality

1. A Hazard, Risk and Vulnerability Assessment (HRVA) has been performed:		
	Response	Comments
1.1 For the municipal area	Yes	<ul style="list-style-type: none"> The HRVA for the Knysna Municipality has been completed in December 2014 and was done through a community based risk assessment.
1.2 For projects identified in the IDP	Yes	<ul style="list-style-type: none"> The next Disaster Management Plan will also be conducted on the basis of a community based risk assessment and will assess the risks of all projects identified in the IDP
2. The identified disaster risks have been prevented or mitigated through the implementation of risk reduction programmes:		

	Response		Comments
2.1 For the municipal area	Yes		<ul style="list-style-type: none"> One of the Standing Operating Procedures (SOP's) at the municipality which can be regarded as a risk reduction initiative is the regular cleaning of the storm water channels outside of the rainy season. Knysna Municipality also make use of an early warning system to warn the affected areas before severe weather hits the area
2.2 For projects identified in the IDP	Yes		<ul style="list-style-type: none"> A partnership programme with Eden District Municipality is the opening of the Swartvlei River in order to prevent flooding. The successful opening of the Swartvlei River was done in December 2014, reducing the risk of flooding and enhance the inlet of fresh water.

3. Appropriate disaster preparedness, response and recovery plans have been developed for a risk that cannot be prevented or mitigated:			
	Response		Comments
3.1 For the municipal area	Yes		DONE
3.2 For projects identified in the IDP	Yes		Done

4. The municipality has instituted the following disaster management requirements:			
	Response		Comments
a. Establishment of a functional Disaster Management Centre	Yes		No permanent disaster management center for Knysna municipality has been established, but a joint operations centre is set up when any disaster occurs.
b. Appointment of a Head of Centre		No	This is also done on an ad-hoc basis when somebody is tasked to take charge of the JOC.
c. A functional Disaster Management Advisory Forum		No	One of the focus areas of this year is the implementation of an Advisory forum for the GKMA
d. A Disaster Management Plan (DM) has been developed	Yes		The DM plan has been reviewed and amended and will be adopted by Council during this period of IDP review
e. This plan does include sectoral plans	Yes		Geographic sectors for Knysna, Sedgefield and Karatara form part of the Disaster Management Plan. Part of the Sedgefield plan is a flood action committee to assist with the early warning system in case of flooding.

5. Disaster Management has functional systems that complies with the following:			
	Response		Comments
5.1 GIS data for disaster management		No	Knysna municipality is in a position to respond and assist with recovery in the event of natural disasters such as fires, floods or wind storms. The Knysna community based risk assessment was done and the information will be locked on the GIS system.
5.2 Risk reduction planning	Yes		Done
5.3 Early warning system	Yes		Implemented
5.4 Preparedness, response and Recovery planning (Generic Plan)	Yes		Done

6. These systems are linked to:			
	Response		Comments
6.1 Other line functions in the municipality	Yes		Structures and systems for disaster management are linked within the municipality but financial constraints prohibit Knysna municipality from facilitating system linkages beyond that.
6.2 Other municipalities		No	

6. These systems are linked to:			
	Response		Comments
6.3 Security forces (SAPS & SANDF)		No	
6.4 Provincial EMS		No	
6.5 Provincial Government Departments		No	
6.6 The National Disaster Management Centre		No	

7. The municipal Disaster Management Plan is completed, submitted and approved by:			
	Response		Comments
7.1 Other municipalities in the District Municipal area	Yes		Done
7.2 District Municipal Disaster Management Centre	Yes		Done
7.3 Provincial Disaster Management Centre	Yes		Done

Risk Assessment of IDP projects

Project reference	Project Description	Primary & Secondary Stakeholders	Risk Rating	Risk Reduction Actions	Comments
Ward 1	Effective law enforcement in terms of vacant overgrown plots	Fire Service	Medium risk	Regular cleaning of overgrown plots	Hazardous situation can lead to house fires which might result in loss of life
Ward 2	Environmental Management: Eradication of alien vegetation	Directorate: Planning & Development	Low to medium risk	Mitigate water shortage	Alien vegetation does have a negative impact on the natural water sources
Ward 3,6,9 Diepwalle & Bracken Hill	Low cost housing development	Directorate: Planning & Development	Medium risk	Determine the preparedness of the bulk water & sewerage infrastructure to accommodate these developments	Explore alternative water sources and design effective storm water systems as part of the housing development project
Wards 4-10	Proper storm water infrastructure maintenance	Directorate: Technical Services	High risk	Prevention & mitigation	It will minimise the risk of flooded houses in the area
Wards 2-10	Upgrading of Waste Water Treatment Works	Directorate: Technical Services	High risk	Upgrading of bulk infrastructure	Minimise the risk of pollution to the estuary which will compromise environmental integrity and subsequently have a negative impact on tourism

Disaster Management, Animal Licensing and Control, Control of Public Nuisances, etc. Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Complete a Hazard, Risk and Vulnerability Assessment and submit to Council (TL45 – 2014/2015)	A Hazard, Risk and Vulnerability Assessment (HRVA) will be completed in line with the approved Disaster Management Plan	Number	-	-	-	-	1	1	-	-	-
Develop a disaster communication strategy (TL36 – 2015/2016)	Development of an Integrated and comprehensive information management and communication system for disaster risk management.	Number	-	-	-	-	-	-	1	-	-

Employees: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, etc.							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0	0%
10 - 12	0	0	1	1	1	0	0%
7 - 9	0	0	0	0	0	0	0%
4 - 6	0	0	0	0	0	0	0%
0 - 3	0	0	0	0	0	0	0%
Total	0	0	1	1	1	0	0%

Financial Performance: Disaster Management and Social Services						
R'000						
Details	2013/2014	2014/2015				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget
Total Operational Revenue	-	-	-	-	-	-
Expenditure:						
Employees	262	388	388	414	7 %	7 %
Repairs and Maintenance	0	11	11	8	(28)%	(28)%
Other	697	985	919	987	0 %	7 %
Total Operational Expenditure	959	1 384	1 318	1 409	2 %	7 %
Net Operational Expenditure	959	1 384	1 318	1 409	2 %	7 %

COMPONENT H: SPORT AND RECREATION

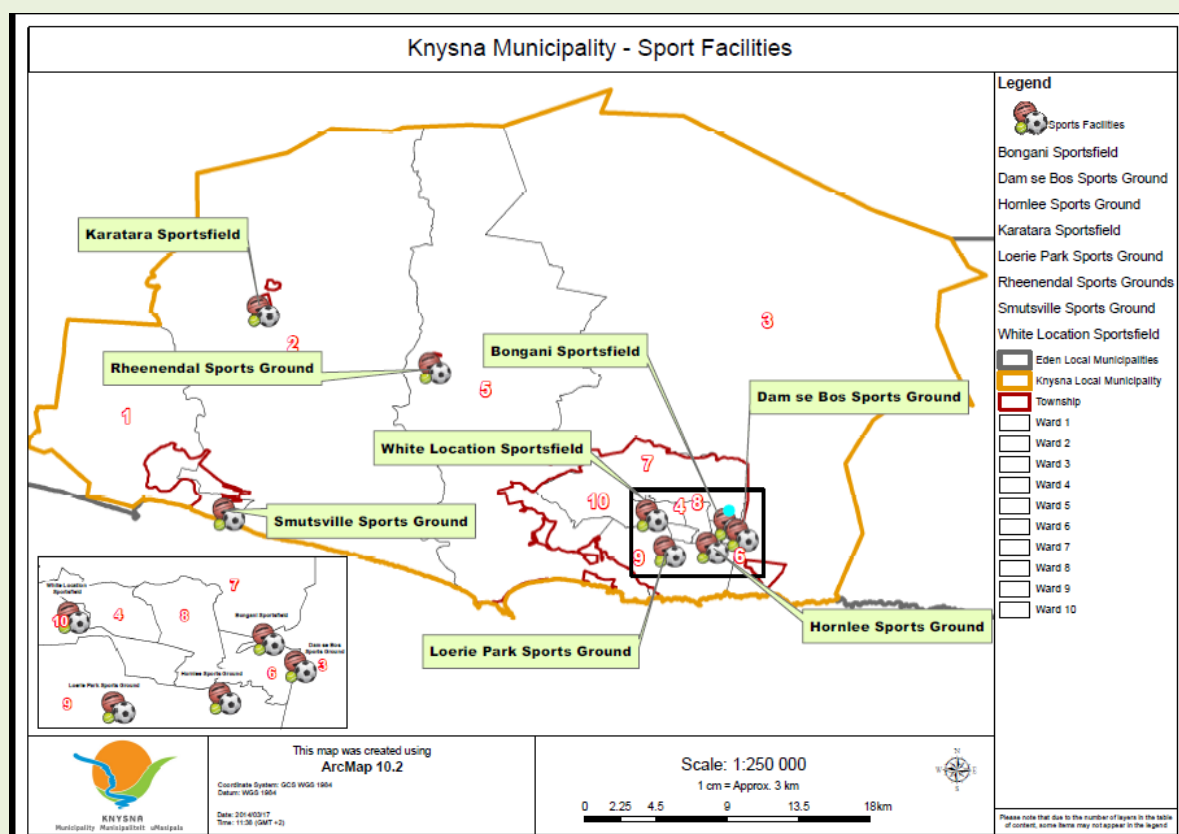
This component includes: community parks; sports fields; sports halls; and swimming pools.

3.21 SPORT AND RECREATION

Sport and Recreation⁶⁷

Sport & recreation activities have always proved to be a very effective vehicle for social cohesion and integration of communities across the spectrum of society. The people in the Knysna Municipality are very passionate about sport in general and the discussion of this topic was particularly prevalent during the public participation process of the IDP review where communities in nearly all wards demonstrated the high priority they put on sport facilities and sport development programmes. There are a number of sport facilities in the GKMA which accommodate a wide variety of sport codes and some are better developed and equipped than others. The better developed sport facilities such as Loerie Park and Hornlee sport grounds are located in the town of Knysna whilst smaller facilities are also located in Sedgefield, Rheenendal and Karatara. The upgrading of sport facilities remains a major challenge for Knysna Municipality simply because it has to compete with other pressing priorities during the budgeting process.

Most of the schools in the Northern Areas and rural areas have very basic sport facilities such as a levelled area for soccer, netball and athletics.



⁶⁷ 4.6 Sport and Recreation, IDP Review 2015/2016

A sport council that represent the various sport codes within GKMA was established on 24 February 2014 which will act as the lead liaison in partnership with the provincial Department of Cultural Affairs & Sport (DECAS) to host a sport summit in Knysna. The objectives of the intended sport summit are:

- To establish a functional sport forum with representation from all different sport codes;
- To develop a sport development plan for the area;
- To conduct a comprehensive audit of all the sport facilities;
- Prioritisation of sport facilities to be upgraded ; and
- Facilitate the implementation of sport development programmes
- Facilitate access to privately owned sport facilities to active sport codes

The main focus of the sport development plan is to facilitate bigger participation in sport activities across the municipal area, develop skill & competency levels of all stakeholders involved in the different sport codes in order to reach levels of excellence according to their individual aspirations. The sport development plan will put in the fundamental building blocks and create a conducive environment for people of all walks of society to take part in sport of their choice, preferably at facilities that will make them proud to host any visiting team. It must also assist the different federations to breed excellence amongst its ranks to allow those who have the ability and skills to become professional, build a career for themselves and become proud ambassadors for the Knysna area.

The Directorate: Community Services in partnership with the provincial Department of Cultural Affairs & Sport (DECAS) has embarked on a capacity building programme to empower sport clubs in various sport codes in management and financial administration as well as first aid training. These initiatives have been very well received by the sports bodies. Apart from the conventional sport codes a significant improvement has been made with a local golf development programme, promotion of women soccer and women rugby.

Service Statistics – Sport Grounds					
Type of service	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Number of Sport Grounds/fields	16	16	16	16	16
Number of Stadiums	1	1	1	1	1
Netball Courts	6	6	6	7	7

Sport and Recreation Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Completion of draft sport development plan (TL47 – 2014/2015)	Develop and submit a Sport Development Plan for the Greater Knysna Municipal area to Council.	Number	-	-	-	-	1	1	-	-	-
Comprehensive audit of all sport facilities and submit to Council (TL48 – 2014/2015)	To conduct a comprehensive audit of all the sport facilities within the Greater Knysna municipal area.	Number	-	-	-	-	1	1	-	-	-

Employees: Sport and Recreation							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0	0%
13 - 15	0	0	0	1	1	0	0%
10 - 12	2	2	3	2	2	0	0%
7 - 9	4	4	4	4	4	0	0%
4 - 6	39	38	36	38	37	1	3%
0 - 3	11	11	11	11	11	0	0%
Total	56	55	54	56	55	1	2%

Financial Performance: Sport and Recreation							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	845	1 071	1 071	962	(10)%	(10)%	
Expenditure:							
Employees	7 843	8 533	8 533	8 831	3 %	3 %	
Repairs and Maintenance	993	1 304	1 181	1 568	20 %	33 %	
Other	5 302	2 976	3 146	4 633	56 %	47 %	
Total Operational Expenditure	14 139	12 813	12 860	15 033	17 %	17 %	
Net Operational Expenditure	13 293	11 742	11 789	14 071	20 %	19 %	

Capital Expenditure: Sport and Recreation							R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)	
Total All	470	1 040	1 014	116%	(3%)	1 476	
Dam-se-Bos- Upgrade Existing Sports Field		570	542		(5%)		
Hornlee Upgrade Existing Sports Field	400	400	371	(7%)	(7%)	1 176	
Belvedere Refurbish Municipal Tennis Courts	70	70	100	43%	43%	150	
Loerie Park Resurfacing Netball Fields						150	

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, and property services.

3.22 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

3.22.1 COUNCIL

The council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Mayor and the Mayoral Committee. The council's role is to debate issues publicly and to facilitate political debate and discussion. The council plays a very active role in the operations of the Municipality. Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area.

The Council of the Knysna Municipality comprises of 19 elected Councillors, made up from ten Ward Councillors and nine Proportional Representation (PR) Councillors. The portfolio committees are made up of councillors drawn from all political parties.

Below is a table that categorises the councillors within their specific political parties and wards:

Name of Councillor	Capacity	Political Party	Ward/Proportional
Georlene Wolmarans	Executive Mayor	DA	Proportional Representative
Esmé Edge	Executive Deputy Mayor Member of Mayoral Committee: Governance & Economic Development Committee	DA	Proportional Representative
Elrick van Aswegen	Member of Mayoral Committee: Finance	COPE	Proportional Representative
Irene Grootboom	Member of Mayoral Committee: Community Services Committee	DA	Ward 1
Louisa Hart	Member of Mayoral Committee: Planning and Development & Infrastructure Committee	DA	Ward 2
Migiel Lizwani	Ward Councillor	ANC	Ward 3
Wiseman Litoli	Ward Councillor	ANC	Ward 4
Eleanore Bouw-Spies	Speaker	DA	Ward 5
Clive Witbooi	Ward Councillor	ANC	Ward 6
Mertle Gombo	Ward Councillor	ANC	Ward 7
Ntombizanele Jantjies	Ward Councillor	Independent	Ward 8
Michelle Wasserman	Ward Councillor	DA	Ward 9
Richard Dawson	Ward Councillor	DA	Ward 10
Beauty Tyokolo	Proportional Councillor	DA	Proportional Representative
Doris Nayler	Proportional Councillor	DA	Proportional Representative
Raymond Barrell	Proportional Councillor	DA	Proportional Representative

Name of Councillor	Capacity	Political Party	Ward/Proportional
Mthobeli Dyantyi	Proportional Councillor	ANC	Proportional Representative
Phumla Nkam	Proportional Councillor	ANC	Proportional Representative
Steven de Vries	Proportional Councillor	ANC	Proportional Representative

3.22.2 WARD COMMITTEES

Functional ward committees have been established in all ten wards of the Greater Knysna Municipal Area. These ward committees comprise geographical as well as sector representatives in communities and are regarded as the statutory consultative forums in the public participation process of the IDP review. The ward committees also play a pivotal role in the above-mentioned community based planning processes and allow all stakeholders to take ownership and drive the developmental agenda in the areas in which they live, play and work. The respective ward councillor is automatically the chairperson of the ward committee and quarterly meetings keep the community informed of all municipal related matters. It is also incumbent on ward committee members to regularly interact with their constituencies and ensure maximum participation in all planning processes of Knysna Municipality. A formal agenda is followed and inputs from these committees are fed into the Section 80 Committees and then on to the Mayoral Committee. The Ward Committees have an opportunity to consider items on the formal Council agenda which have a direct bearing on their specific areas.

The municipality hosted a very successful ward committee summit on 28 March 2015 with the theme: “Moving from functionality to effectiveness”. The summit was very well attended and the Department of Local Government, Department of Health, SAPS, Department of Social Development as well as a number of active NPO’s and NGO’s participated in this event. It contributed significantly towards integrated planning between the relevant stakeholders and empowering ward committee members in terms of communication and facilitating development in the communities they live in.⁶⁸

3.22.3 AUDIT COMMITTEES

The Audit Committee established in terms of Section 166(1) of the Municipal Finance Management Act no 56 of 2003 (MFMA) also fulfils the functions of a performance management Audit Committee constituted in terms of Regulation 14(2) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

The Audit Committee is appointed to assist Council in discharging its oversight responsibilities. The Committee advises Council, Council's political office-bearers, Council's Municipal Manager and the management on matters relating to: internal financial control and internal audits; risk management; accounting policies; the adequacy, reliability and accuracy of financial reporting and information; performance management; effective governance; compliance with the Act, the annual Division of Revenue Act and any other applicable legislation; performance evaluation; and any other issues referred to it by the Municipality either in the Charter itself or by specific request from time to time.

⁶⁸ IDP Review 2015/2016

3.22.4 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

The Municipal Public Accounts Committee is established in terms of Section 79 of the Municipal Structures Act and performs an oversight function on behalf of Council. Through the MPAC, Council will be able to provide the public with assurance that public money and assets are being managed properly and that value for money is being rendered.

The functions of the MPAC are:

- To consider and evaluate the Annual Report as tabled to Council, and thereafter make recommendations to Council in this regard. The Committee must receive the report no more than two weeks after tabling to Council.
- To compile an Oversight Report and table in Council no later than two months from the date of which the Annual Report was tabled, in terms of Section 129 of the MFMA.
- To monitor that all submissions and calls for comment have been undertaken as per Section 127(5), 130 and 132 of the MFMA.
- To review whether matters raised in past Annual Reports have been attended to, as well as whether recommendations made in previous Oversight Reports in terms of Section 129 of the MFMA have been attended to.
- Any unforeseen and unavoidable expenditure, in terms of Section 29 of the MFMA, must be reported to the MPAC with proof of the necessary appropriation in the adjustment budget. After consideration of the matter, the MPAC must report to Council on the matter.
- Any unauthorised, irregular or fruitless expenditure, in terms of Section 32 of the MFMA, incurred by the Council, Executive Mayor, political office bearers or officials, must be reported to the MPAC. The Accounting Officer must report to the MPAC on all steps taken to authorise or certify or recover or write off the expenditure, as well as whether any criminal action was instituted. The MPAC must report to Council on the appropriateness of action taken.
- To report to Council if an annual budget has not been compiled and submitted to Council in terms of Section 16 of the MFMA.
- To monitor whether the Executive Mayor has initiated a review of the IDP post elections and annually thereafter. If such review is not done, the MPAC must report to Council.
- To consider and comment on the following:
 - Section 72 reports (Mid-year Budget and performance assessment);
 - The final audit opinion and documents from the Audit Committee related thereto;
 - Any information in terms of Section 128 and Section 133 of the MFMA; and
 - Quarterly Report of the Executive Mayor in term of Section 52(d) of the MFMA (Implementation of the Budget and the financial state of affairs of municipality)
 - The Annual Report (section 127)

- To recommend an investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Audit Committee;
- In the case of any irregular expenditure or any fruitless and wasteful expenditure incurred by the municipality or municipal entities, the MPAC will have the right to call upon the accounting officer of the municipality or the chairperson of the municipal entity's board of directors to appear before it to provide information or clarity.
- The MPAC may, for the purposes of Section 130 of the MFMA, engage directly with the public and consider public comments.
- To perform any other functions assigned to it through a resolution of council within its area of responsibility⁶⁹

3.22.5 EXECUTIVE MANAGEMENT STRUCTURE

The administration component of Knysna Municipality is headed by the Municipal Manager

The Municipal Manager as head of the administration is responsible and accountable for tasks and functions as provided for in Section 55 of the MSA; other functions as provided for in legislation; as well as functions delegated to her by the Executive Mayor and Council. She is supported by a team of five directors appointed in terms of the s56 of the MSA. The Office of the Municipal Manager consists of:

- the Municipal Manager;
- Internal Audit and Risk Management;
- Performance Management;
- Compliance Monitoring and
- Communication and Customer Relations

Executive management structure⁷⁰

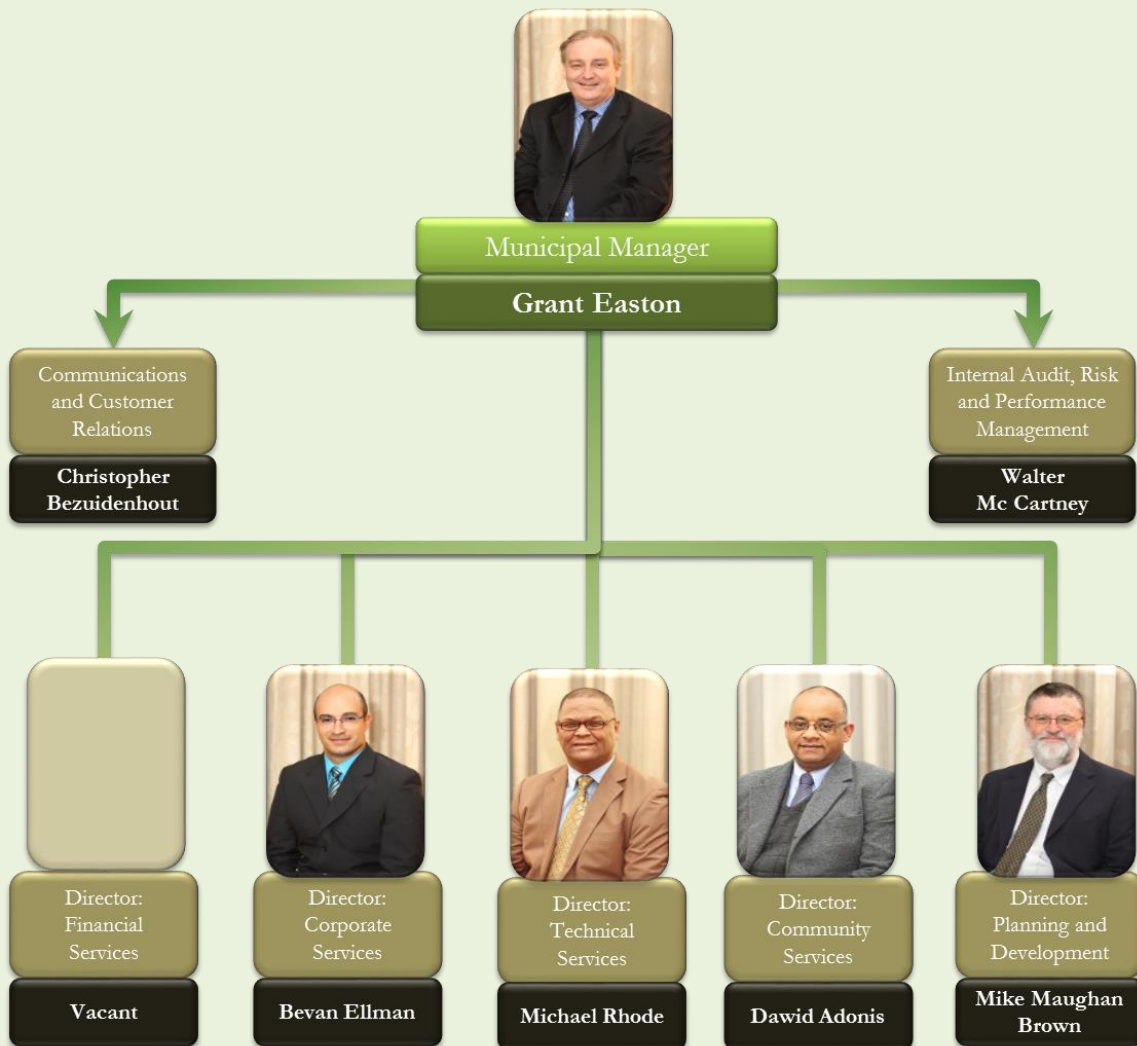
A couple of critical vacancies have emerged on the executive management structure of the municipality during the reporting period. The former Municipal Manager, Ms. Lauren Waring has resigned and the incumbent CFO, Mr. Grant Easton acted as Municipal Manager since December 2014. The Electro-technical Engineer, Mr. Len Richardson has also resigned at the end of last year which also left a vacant post at the head of that department. Subsequent to an extensive recruitment process, Mr. Grant Easton was appointed by Council as the Municipal Manager with effect from 01 April 2015. This resulted in the Chief Financial Officer position becoming vacant and the recruitment process for a new CFO is already in an advance stage. Knysna Municipality is also in the process of conducting an organisational review which might result in some significant changes in the organisational structure of the municipality. The administration component of Knysna Municipality is headed by the Municipal Manager, who has five Directors who report directly to him in terms of Section 56 of the Municipal Systems Act. The following other positions also report directly to the Municipal Manager:

- Manager: Performance, Internal Audit and Risk Management

⁶⁹ Municipal Public Accounts Committee Terms of Reference Council Resolution 01/02/13

⁷⁰ 3.4 Executive management structure, IDP Review 2015/2016

- Manager: Communications & Customer Relations



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3.22.6 INTERNAL AUDIT

In conformity with the commitment of the Council to be fully accountable to all stakeholders of the Knysna Municipality (the Municipality), and in accordance with the requirements of Section 165(1) of the Municipal Finance Management Act, no 56 of 2003 (MFMA), the guidance articulated by King III and National Treasury's Circular 65 (Internal Audit and Audit Committee), an Internal Audit Function has been established. The Municipality has appointed the Manager: Performance, Internal Audit and Risk Management to head the function as Chief Audit Executive (CAE) and act as coordinator between the Municipality and the co-sourced Internal Audit service provider (Ernst & Young Advisory Services (Pty) Ltd (EY)), which was appointed in terms of Section 165(3) of the

⁷¹ The vacant position of CFO has since been filled by Ms. Pariksha Gobrie

MFMA. This Charter sets out the framework within which the Internal Audit Section will operate to make positive contributions to the Municipality.

The Municipality (collectively the Council, Executive Mayor, Municipal Manager (as Accounting Officer), Chief Financial Officer and senior management) is ultimately responsible for overseeing the establishment of effective systems of internal control in order to provide reasonable assurance that the Municipality's financial and non-financial objectives are achieved. Executing this responsibility includes the establishment of an Internal Audit function in accordance with this document.

Internal control is understood to mean the processes aimed at achieving reasonable assurance about the realisation of the following objectives:

- The accomplishment of established objectives and goals for operations and programmes.
- The economical and efficient use of resources.
- The reliability and integrity of financial and non-financial information.
- Compliance with relevant policies, procedures, laws and regulations.
- Safeguarding of assets.⁷²

3.22.7 RISK MANGEMENT

Section 62 of the Municipal Finance Management Act requires the Accounting Officer to take all reasonable steps to ensure that the Municipality has, and maintains, effective, efficient and transparent systems of financial and risk management, internal control, internal audit as well as the effective, efficient and economical use of the resources of the Municipality

Risk Management is a logical and systematic process of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process, in a way that enables an organization to minimize losses and maximize opportunities.

In order to ensure the inclusion of all the factors impacting on Risk Management within the Municipality it is important to identify the environment within which the municipality operates. As with most municipal disciplines the risk management environment has altered substantially and requires a complete review of current policies, practices and assumptions. The municipality identified its risk environment which is summarized on the figure below:

⁷² Internal Audit Charter June 2015



Figure 6: Risk Environment

Council has adopted a risk management strategy and policy in compliance with the Municipal Finance Management Act and King III during June 2012 with the following objectives:

- To address risk management for the whole municipality and to give effect to the implementation of the Risk Management Strategy, Risk Policy, establishment of the Risk Management Committee, Risk Management Implementation Plan and Risk Management Systems; and
- To inform and assist the executive and personnel on their roles and responsibility and to ensure that the risks relating to their particular area of control are managed to ensure that the best outcome is achieved.

The following is required in terms of Risk Management:

Response Required	Municipal Action	Progress	Timeframe
Establishment of Risk Committee	Establishment of a Risk Committee in line with the approved policy	Done Established November 2012	2012
Develop and implement the Risk Management Plan	Develop Risk Management Plan Implement the Risk Management Plan	Done Approved by Risk Management Committee March 2014	2013 – 2017
Risk Based Audit Plan	Review the Risk Based Audit Plan	The Risk Based Audit Plan of the municipality is reviewed on an annual basis	2013 – 2017
Internal Audit	Implement the Risk Based Audit Plan	The reviewed Risk Based Audit Plan is implemented annually	2013 – 2017

The table below sets out the nine strategic risks currently above the accepted risk appetite as determined by the Risk Management Committee.

No	Risk No	Risks	Definition
1	1	Ageing and overstretched infrastructure	Increasing municipal infrastructure deficit and lack of funds required to upgrade, replace or maintain the existing assets of the municipality.
2	2	Shortage of cemetery space	The Knysna cemetery is currently running out of space and a new cemetery for Knysna is critical with only about 1 000 grave sites still available.
3	6	Lack of macro-economic strategy for Knysna	A long term financial plan that will provide the strategy and policies to support the financial viability of the municipality in order to give effect to the strategic objectives of the IDP. The plan still needs to be drafted, and will be undertaken in conjunction with the development of a long term vision for Knysna Municipality through the ISDF process
4	8	Information Management	Lack of up to date accurate information resulting in ineffective decision making. Risk amended to be more specific and focused to "Lack of an effective Resolution Management system".
5	14	Third party performance (Contract Management)	Elements of contract management can be found spread across all functional areas of the municipality and include supply chain management, project management, revenue management, land usage, human resources, etc.
6	3	Lack of services. Where none exist or are insufficient	Previously the risk was "Poor quality of infrastructure" which created confusion with risk number 1 "Ageing and overstretched infrastructure". The risk was redefined to focus on the provision of new service infrastructure and where current services are below acceptable norms.
7	15	Material resources	Lack of control over issues such as use of email, phone, vehicles, tools and equipment, etc. Insufficient managerial oversight
8	16	Information Technology	IT's position in the organization CIO's position IT Staff Skills and IT Skills within the organisation Sharing of work email addresses and other sensitive information on the internet. Using illegal, unauthorized, pirated or shared software. Redundancy of equipment – Delaying the procurement of IT equipment in an effort to save money Staff replacement cost – Skills are not easily available IT is not acknowledged as strategic System Security – Lack of internal knowledge and skill Load Shedding – This has placed a huge amount of pressure on our systems Quality of data and information Information Management - Lack of an effective Resolution Management system, lack of up to date accurate information resulting in ineffective decision making. Ownership of data AG IT audit, could result in loss of clean audit over the medium term
9	13	Loss of Competitive Advantage	Loss of competitive advantage for the town due to loss of aesthetic appearance, historical interest and environmental quality.

The Executive and Council Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Quality Assurance Programme approved by Audit Committee (TL21 – 2014/2015) and (TL18 – 2015/2016)	The Internal Audit Quality Assurance and Improvement Program (QAIP) is designed to provide reasonable assurance to the various stakeholders of the Internal Audit activity that Internal Audit: (1) Performs its work in accordance with its Charter, which is consistent with The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (Standards), Definition of Internal Auditing and Code of Ethics; (2) Operates in an effective and efficient manner; and (3) Is perceived by stakeholders as adding value and improving Internal Audit’s operations. To that end, Internal Audit’s QAIP will cover all aspects of the Internal Audit activity (Standard 1300).	Number	1	1	1	1	1	1	1	1	1
Risk based internal audit plan approved annually by Audit Committee (TL21 – 2014/2015) and (TL17 – 2015/2016)	The Risk Based Audit Plan (RBAP) is based on the risks identified within the municipality. The plan is approved by the Audit Committee and Council every three years and reviewed annually. The RBAP may be amended more frequently were required with approval from the Audit Committee and Council.	Number	1	1	1	1	1	1	1	1	1
Customer Satisfaction Survey report submitted to Council (TL22 – 2014/2015)	Submit a report to Council on the results of the Customer Satisfaction Survey undertaken during 2014/2015	Number	-	-	-	-	1	..73	-	-	-
Customer Satisfaction Feedback Equipment Installed (TL66 – 2014/2015)	To install 15 Service Systems offering Service Feedback and Customer Relationship Management solutions; to give Council effective and reliable tools for measuring and managing customer service expectations.	Number	-	-	-	-	15	15	-	-	-

⁷³ Replaced as part of the midyear review and adjustment budget process

The Executive and Council Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Submit a review of the Performance Management Framework to Council (TL17 of 2014/2015)	Individual performance is about linking individual employee’s objectives with the Municipality’s strategic objectives. The emphasis is on improvement, learning and development in order to achieve the overall vision of the Municipality and to create a high performance workforce. Council has approved the Performance Management Framework in 2012. This KPI seeks to review and update the Framework in order for it to be tabled to Council for approval	Number	-	-	-	-	1	1	-	-	-
The percentage of a municipality's capital budget actually spent on budgeted capital projects (TL16 – 2014/2015) and (TL9 2015/2016)	Percentage reflecting year-to-date spend/total budget, less any contingent liabilities relating to the capital budget. The total budget is the Council-approved adjusted budget at the time of the measurement. Contingent liabilities are only identified at the year-end.	Percentage	100	107	100	91	100	69	100	100	100
Project clean audit (TL20 – 2014/2015) and (TL16 - 2015/2016)	This indicator measures good governance and accounting practices and will be evaluated and considered by the Auditor-General in determining his opinion. An unqualified audit opinion refers to the position where the auditor, having completed his audit, has no reservation as to the fairness of presentation of financial statements and their conformity with General Recognised Accounting Practices. This is referred to as a ‘clean opinion’. Alternatively, in relation to a qualified audit opinion, the auditor would issue this opinion in whole, or in part, over the financial statements if these are not prepared in accordance with General Recognised Accounting Practices, or if he could not audit one or more areas of the financial statements. Future audit opinions will cover the audit of predetermined objectives.	Number	-	-	1	1	1	1	1	1	1
Risk Management Implementation Plan (TL18 – 2014/2015)	To improve risk management by developing and submitting the Risk Management Implementation Plan (as required in the Council approved Risk Management Strategy and Policy) to the Risk Management Committee	Number	-	-	-	-	1	1	-	-	-

The Executive and Council Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Ensure the implementation of the risk management system (TL19 – 2014/2015)	Annually report on the submission of risks equal or > risk appetite to Risk Management Committee.	Number	-	-	-	-	1	1	-	-	-
Review and submit to Council the Anti-Fraud and Corruption Framework. (TL59 – 2014/2015)	Review and submit to Council the Anti-Fraud and Corruption Strategy and Fraud Response Plan (adopted December 2008) The review to include the Local Government Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings (“Financial Misconduct Regulations.”) as published in Government Gazette No 37699 dated 30 May 2014	Number	-	-	-	-	1	1	-	-	-
Customer Care identification and training of customer care officials (TL19 – 2015/2016)	Approved Customer Care Policy by end June 2016	Number	-	-	-	-	-	-	1	-	-
Management Review of IDP alignment process (TL25 – 2015/2016)	IDP strategic workshop held with extended management	Number	-	-	-	-	-	-	1	-	-
Centralised records system (TL22 - 2015/2016)	Submit a developed plan / assessment to Council	Number	-	-	-	-	-	-	1	-	-
Municipal Infrastructure Grant (TL46 – 2015/2016)	% of completed MIG projects by June 2016	Percentage	-	-	-	-	-	-	100	-	-

Employees: Council, Committees and Pensioners							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Executive Mayor	1	1	1	1	1	0	0%
Speaker	1	1	1	1	1	0	0%
Member of Executive Committee	4	4	3	4	4	0	0%
Part Time Councillor	13	13	13	13	11	2	15%
Audit Committee Chairperson	1	1	1	1	1	0	0%
Audit Committee Members	3	3	3	4	4	0	0%
Ward Committee Members	81	81	76	76	76	0	0%
Personal Assistants	2	2	2	1	1	0	0%
Pensioners	6	6	6	5	5	0	0%
Total	112	112	106	106	104	2	2%

Employees: Municipal Managers Office							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
MM	1	1	1	1	1	0	0%
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	1	1	1	0	0%
13 - 15	1	3	1	2	2	0	0%
10 - 12	1	2	2	3	3	0	0%
7 - 9	1	3	1	0	0	0	0%
4 - 6	0	0	2	2	2	0	0%
0 - 3	0	0	0	0	0	0	0%
Total	4	9	8	9	9	0	0%

Financial Performance: The Executive and Council							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	8 845	6 414	6 414	24 403	280 %	280 %	
Expenditure:							
Employees	10 402	14 614	14 614	9 784	(33)%	(33)%	
Repairs and Maintenance	11	32	1 532	1 358	4 090 %	(11)%	
Other	35 228	22 643	22 763	30 568	35 %	34 %	
Total Operational Expenditure	45 641	37 289	38 909	41 710	12 %	7 %	
Net Operational Expenditure	36 795	30 874	32 494	17 307	(44)%	(47)%	

Capital Expenditure: The Executive and Council						
						R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)
Total All	2 090	2 532	2 090	0%	(17%)	7 882
Ward Projects	2 000	1 700	1 249	(38%)	(27%)	3 772
Multi-Purpose Centre Smutsville Council Contribution		522	522		–	
Refurbish/Upgrade Municipal Buildings		220	219		(0%)	2 369
Program Office Furniture and Equipment	90	90	81	(10%)	(10%)	289
Total of Sundry Projects			18			1 452

3.23 FINANCIAL SERVICES

Financial Performance⁷⁴

Despite the on-going economic concerns, Knysna municipality continues to grow albeit slowly and subsequently the demands of all our residents grow with it. It is very clear that more and more demands for services are coming from areas where services and service standards were historically poorer in comparison to more advantaged and well established areas. It is also very clear that the more advantaged areas are demanding that service levels and standards be maintained at least at current levels and not be allowed to fall. The exception has been that we were one of the most heavily geared local authorities in the Western Cape as well as in South Africa. This was a conscious approach by Council simply it allowed the municipality to maximise service delivery, accelerate housing delivery and increase bulk infrastructure capacity. If it haven't been done, sewerage would have poured into the lagoon, our water would have been undrinkable and the local tourist economy would have collapsed.

The financial performance against the budgets of the municipality during the past IDP period is summarised in the table below:

R thousand	2011/2012	2012/2013	2013/2014	2014/2015		2015/2016	2016/2017	2017/2018
				Original	Adjusted			
Revenue (including capital transfers)	538 900	551 421	605 792	576 250	668 630	733 366	800 206	861 587
Operating Expenditure	692 532	495 042	567 043	540 748	613 352	680 377	730 280	776 013
Capital expenditure	60 268	75 079	77 263	70 174	89 134	92 473	70 240	58 992
External loans	13 094	23 105	14 318	16 695	17 104	14 732	11 570	41 027
Government grants, subsidies and transfers	30 679	38 363	40 132	39 484	50 667	56 265	46 586	41 027
Public contributions and donations	777	446	4 519	-	-	-	-	-
Internally generated funds	15 718	13 165	18 294	13 995	21 363	21 476	12 084	8 305

The table below indicates a positive financial future for the municipality. It highlights the positive nature of the municipality's finances on virtually all performance indicators and benchmarks as required by National and Provincial Treasury.⁷⁵

⁷⁴ Chapter 8: Financial Perspective, IDP Review 2015/2016

⁷⁵ Extracted from supporting Table SA8 Performance indicators and benchmarks, 2015/2016 MTREF

Chapter 3

Description of financial indicator	Basis of calculation	2011 2012	2012 2013	2013 2014	Current Year 2014/2015				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Borrowing Management</u>											
Credit Rating	Provided by credit rating institution	Baa2	Baa2	Baa2							
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.8%	6.7%	7.4%	6.4%	5.3%	4.7%	4.7%	5.3%	4.8%	5.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.0%	7.7%	8.9%	7.4%	6.2%	5.4%	5.4%	6.2%	5.4%	5.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	28.6%	0.0%	0.0%	52.3%	44.5%	44.5%	44.5%	40.7%	48.9%	53.8%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	239.3%	211.2%	173.7%	135.6%	153.3%	159.6%	159.6%	147.3%	127.3%	101.9%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.4	1.2	1.0	1.1	1.0	1.0	1.0	0.9	1.2	1.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.4	1.2	1.0	1.1	1.0	1.0	1.0	0.9	1.2	1.7
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6	0.4	0.2	0.2	0.1	0.1	0.1	0.2	0.5	1.0
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		85.5%	94.4%	89.5%	91.8%	82.5%	83.0%	83.0%	83.6%	84.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		85.5%	94.4%	89.5%	91.8%	82.4%	83.0%	83.0%	83.5%	84.0%	84.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13.6%	15.5%	15.0%	17.2%	13.4%	13.2%	13.2%	11.7%	10.3%	9.4%
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within ' MFMA' s 65(e))	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Creditors to Cash and Investments		85.0%	118.5%	299.5%	223.2%	393.1%	324.3%	324.3%	367.8%	107.9%	53.7%
<u>Other Indicators</u>											
Electricity Distribution Losses	Total Volume Losses (kW)	16 315 000	15 989 000	186 687 000	14 431 000	14 431 000	14 431 000	14 431 000	15 729 790	17 145 471	18 688 563
	Total Cost of Losses (Rand '000)	11 930	13 532	15 855	16 361	16 361	16 361	16 361	17 883	19 439	19 439
	% Volume (units purchased and generated less units sold)/units purchased and generated	9%	11%	11%	8%	8%	8%	8%	9%	9%	10%
Water Distribution Losses	Total Volume Losses (kℓ)	588 000	529 000	503 000	533 000	533 000	533 000	533 000	580 970	633 257	690 250

Chapter 3

Description of financial indicator	Basis of calculation	2011 2012	2012 2013	2013 2014	Current Year 2014/2015				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	Total Cost of Losses (Rand '000)	3 172	5 659	2 562	2 651	2 651	2 651	2 651	2 890	3 150	3 433
	% Volume (units purchased and generated less units sold)/units purchased and generated	14.41%	18.40%	28.75%	29.33%	29.33%	29.33%	29.33%	30.13%	30.56%	30.90%
Employee costs	Employee costs/(Total Revenue - capital revenue)	27.5%	30.2%	30.3%	32.4%	29.4%	29.4%	29.4%	29.8%	28.9%	28.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	28.6%	31.0%	31.1%	33.6%	30.4%	30.4%		30.8%	29.8%	29.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.3%	4.4%	5.5%	6.5%	5.8%	5.8%		6.8%	5.9%	5.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	32.6%	7.1%	6.5%	8.7%	6.9%	6.9%	6.9%	6.8%	6.4%	6.2%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	16.9	12.7	21.7	19.7	19.7	19.7	20.0	22.2	20.6	22.6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	18.4%	19.8%	20.3%	20.4%	19.0%	18.3%	18.3%	15.8%	13.9%	12.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.7	1.5	0.5	0.8	0.3	0.4	0.4	0.3	1.2	2.3

Consolidated Overview of the 2015/2016 MTREF					
R thousand	Original Budget	Adjustments Budget	Budget Year	Budget Year +1	Budget Year +2
	2014/2015	2014/2015	2015/2016	2016/2017	2016/2018
Total Operating Revenue (excluding capital transfers)	536 766	617 962	677 101	753 620	820 560
Total Operating Expenditure	540 748	613 352	680 377	730 280	776 013
Surplus/(Deficit) for the year	(3 982)	4 610	(3 276)	23 340	44 547
Total Capital Expenditure	70 174	89 134	92 473	70 240	58 992
Transfers recognised - capital	39 484	50 667	56 265	46 586	41 027

Consolidated Financial Overview

It is necessary to embark on long-term planning for Knysna over the next 20 years and subsequently Council embarked on a new long term planning process by means of a very elaborate and inclusive Integrated Spatial Development Framework (ISDF). The ISDF takes on a far longer horizon than 5 year Integrated Development Plans (IDP) and already this integrated approach is having benefit as to how Council looks at which capital projects are appropriate going forward. It is entirely in line with the requirements of National Treasury in this regard.

The Knysna Municipality is an extremely well-run municipality that fights well above its financial weight. To emphasise this, the municipality achieved what is commonly known as a clean audit from the Auditor-General for the past two consecutive financial years. The development of a longer term financial plan resulted in Council slowly beginning to generate surplus cash for the municipal reserves for future growth. Council continues to monitor opportunities to arrange 3 year borrowings provided market conditions are favourable, however it should be pointed out that the lending institutions are being very slow in regard to loans longer than 10 years. There are also proposals emanating from SALGA and provincial government to “pool” and ring-fence borrowings for capital maintenance. The proposals look good on paper but in reality there are many hurdles, both technical and academic, to cross before this proposal moves forward meaningfully.

As is stated every year and evidenced below, Knysna, from a financial perspective, is a municipality that remains heavily geared, i.e. borrowed, and heavily dependent upon its domestic sector. Knysna was, is and shall remain for the foreseeable future a residential municipality. Approximately 80% of Council revenue, excluding governmental transfers, comes from the domestic residential sector. There is little scope for cross-subsidisation from the business sector in relief of the domestic account, and therefore increases in tariffs impact directly upon domestic consumers in the first instance.

Description	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework			% Increase
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand								
Revenue By Source								
Property rates	159 457	159 457	159 457	159 457	175 403	188 535	201 733	10%
Property rates - penalties & collection charges	2 804	2 804	2 804	2 804	3 056	3 331	3 631	9%
Service charges - electricity revenue	193 213	188 213	188 213	188 213	217 731	245 359	276 495	16%
Service charges - water revenue	48 904	48 904	48 904	48 904	54 036	67 132	71 829	10%
Service charges - sanitation revenue	11 469	11 469	11 469	11 469	12 618	13 499	14 445	10%
Service charges - refuse revenue	15 352	15 352	15 352	15 352	16 886	18 575	20 433	10%
Service charges – other	3 648	3 648	3 648	3 648	3 975	4 333	4 722	9%
Rental of facilities and equipment	5 030	5 030	5 030	5 030	5 482	5 977	6 516	9%
Interest earned - external investments	2 346	2 346	2 346	2 346	3 200	3 400	3 600	36%
Interest earned - outstanding debtors	3 250	3 250	3 250	3 250	3 542	3 753	4 089	9%
Fines	15 111	78 111	78 111	78 111	79 471	86 623	94 418	2%
Licences and permits	1 998	1 998	1 998	1 998	2 179	2 331	2 541	9%
Agency services	1 800	1 800	1 800	1 800	1 850	1 950	1 960	3%
Transfers recognised - operational	68 844	91 990	91 990	91 990	93 803	104 483	108 783	2%
Other revenue	3 291	3 341	3 341	3 341	3 619	4 089	5 115	8%
Gains on disposal of assets	250	250	250	250	250	250	250	0%
Total Revenue (excluding capital transfers and contributions)	536 766	617 962	617 962	617 962	677 101	753 620	820 560	10%
Transfers recognised – capital	39 484	50 667	50 667	50 667	56 265	46 586	41 027	11%
Total Revenue (including capital transfers and contributions)	576 250	668 630	668 630	668 630	733 366	800 206	861 587	10%

The downturn in the national economy has meant that development has virtually ceased and this in turn has led to a position whereby unless development starts again, then Knysna will be in a terminal decline. For this reason Council has taken the decision to fast-track economic development.

A number of measures are being explored which include targeting local contractors for Council business and paying an acceptable premium to use them as service providers. Council is also introducing incentives aimed at subsidising, delaying or even waiving development contributions depending upon the

type and locality of the development and introducing a new business rebate to attract new business by means of a rates holiday.

Revenue strategies

For Knysna Municipality to not only maintain but also continue to improve the quality of services provided to its citizens it needs to generate the requisite revenue. Local communities must understand that the continued generation of cash via good prudent budgeting, credible income policies and sound financial management systems is critical to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macro-economic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which strives to ensure a 96% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The inflation forecast for the MTREF period is on average 5.5% per annum excluding ESKOM. The municipality's aim is to not exceed inflation in its annual tariff adjustments but the following factors hamper such goal and are often beyond the control of the municipality:

- the new general valuation
- ESKOM electricity increases
- bulk water purchases and
- national collective agreements on salary increases

The Finance Directorate will be embarking upon a number of strategic thrusts and actions (resources permitting) to maximise or at best maintain revenue raising at its current levels, to ensure Council can continue to meet its constitutional requirements and to dovetail with the efficiency measures being looked at on the expenditure side of the budget. This will allow council to maximise its growth plans in line with the new economic strategy currently under review.

Strategy	Actions
Conduct a viability study and implement a viability strategy	<ul style="list-style-type: none"> • Determine if the municipality is financially viable • Compare with other municipalities taking service levels into account.
Maintain and improve on debt collection	Investigate further processes to increase the debt collection rate including the restructuring of the Income Department
Investigate new/more efficient sources of income	<ul style="list-style-type: none"> • Facilitate new income generating developments • Investigate and implement ways to attract new businesses to the municipality • Investigate parking fees and smart electricity and water meters and implement if viable

Strategy	Actions
Ensure an accurate and well maintained income database	Do a complete investigation of income database and maintain properly
Secure more external funding and government grants for soft services including long term funding for operating expenses	<ul style="list-style-type: none"> Investigate possible new external funding sources and government grants Investigate and establish appropriate viable Public- Private Partnerships or Public -Public Partnerships in respect of soft services Investigate the possibility of voluntary contributions from private sector for low cost housing or the equivalent
Monitor the financial health of the municipality against financial standards and benchmarks within the Western Cape	Measure and report on financial performance against ratio's and standards on a quarterly basis

Financial Management Policies

Council's financial policies are reviewed annually and amended according to need and/or legislative requirements. One of those policies is a Funding and Reserves Policy. The salient points of the policy are that the budget must be cash-funded, tariff adjustments must be fair, employee related costs must be all inclusive and the conditions of all provisions must be cash met where required. A number of indicators are also highlighted to ensure the municipality has enough cash to continue operations. The policy notwithstanding, the primary financial approach of Council, remains that assets should be in the ground and not in the bank.

The financial requirements of the policy have been reported upon each month within the broader Section 71 report. The Knysna Section 71 report continues to garner praise and laurels from external bodies who look at us, and it keeps us on the straight and narrow path of cash is king. It is a report that is easily understandable to the man in the street.

With regard to our reserves a number of cash funded reserves are now in place. They include the Capital Replacement Reserve (CRR) and the Employee Benefits Reserve which will ensure sufficient cash is available to pay post-retirement employee benefits in the future.

The future budgets of Council will take the very important step of introducing for the first time a Budget Policy. This policy reinforces much of what is contained in the MFMA and regulates inter alia:

The preparation of the budget;

- The shifting or virement of funds;
- The timing and nature of Adjustment budgets;
- Unforeseen and unavoidable expenditure; and
- Establish and maintain procedures to adhere to budget processes.

The main principles underpinning the policy are:

- that the municipality may not budget for a cash deficit;
- expenses may only be incurred in terms of an approved budget;
- the budget must always be within the IDP framework;
- capital expenditure must distinguish between replacement and new assets;
- capital funding must be available; and
- loans must be linked to an asset and CRRs must be cash-backed.

By following this policy Council should be able to produce future budgets that are realistic, practical and affordable to the residents which in itself is already a major step forward for the municipality. In respect of

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the other budget policies there have been minor changes as always, mainly to increase local supply chain rules and to redefine basic service provision.

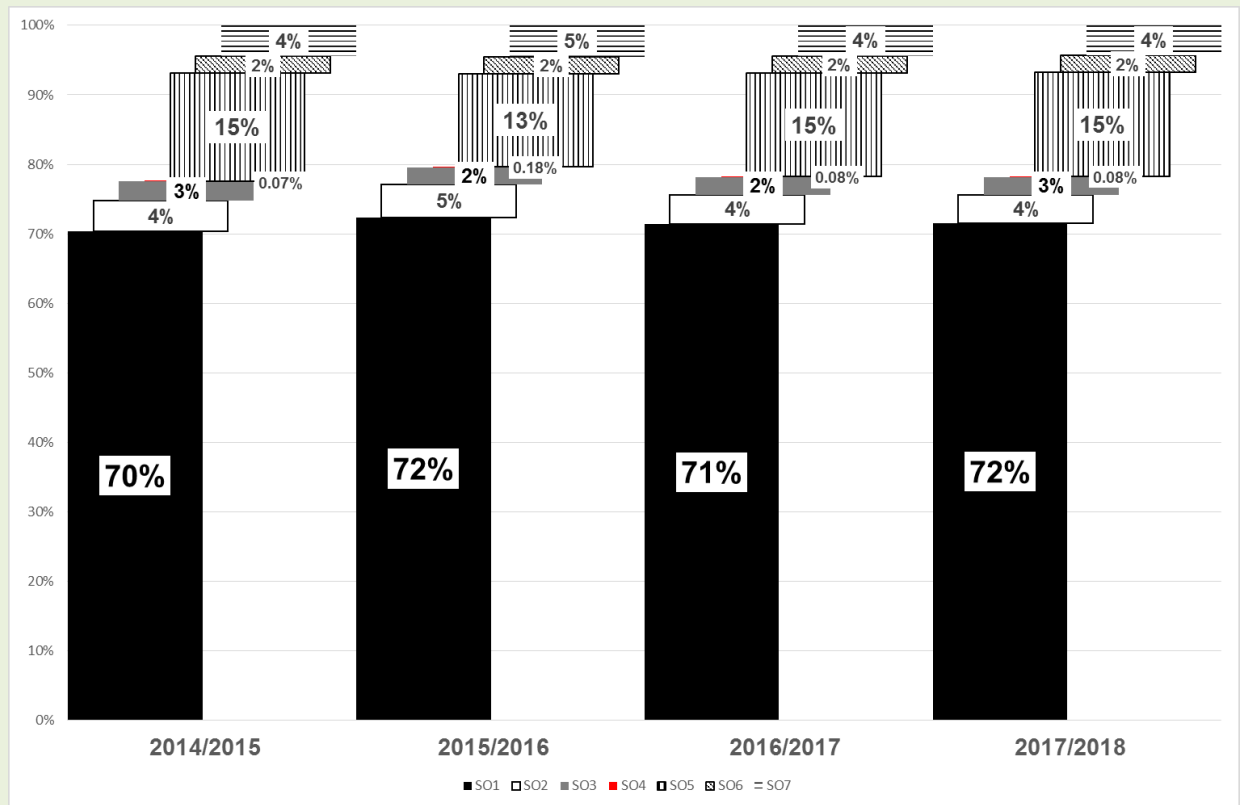
The MTREF (budget) operating and capital is aligned to the IDP by means of Council's strategic objectives as set out and approved in the IDP.

- SO1 To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment
- SO2 To ensure ecological integrity through sustainable practices of municipal governance
- SO3 To create an enabling environment for economic growth that attracts investors, encourages innovation and facilitate pro-poor interventions
- SO4 To facilitate real opportunities for youth, women, and disabled and appropriate care for the aged.
- SO5 To ensure a Municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery
- SO6 To develop progressive strategies to optimise the use of available human resources
- SO7 To establish a common vision and create coherence in government's work by seeking close partnerships with citizenry

Reconciliation of IDP strategic objectives and budget⁷⁶

Total Budget												
	2014/2015			2015/2016			2016/2017			2017/2018		
	Operating	Capital	Total	Operating	Capital	Total	Operating	Capital	Total	Operating	Capital	Total
SO1	412 380	81 744	494 124	441 239	93 208	534 447	500 148	66 726	566 874	534 690	57 557	592 247
SO2	28 443	2 373	30 816	32 340	2 480	34 820	31 917	1 890	33 807	33 519	440	33 959
SO3	18 968	500	19 468	17 801	0	17 801	19 771	0	19 771	21 117	0	21 117
SO4	508	0	508	1 336	0	1 336	600	0	600	654	0	654
SO5	108 281	530	108 811	98 579	165	98 744	118 459	0	118 459	124 239	0	124 239
SO6	16 939	125	17 064	17 818	0	17 818	19 813	0	19 813	20 233	0	20 233
SO7	27 550	3 863	31 412	26 721	6 830	33 551	33 150	1 624	34 774	34 781	995	35 776
	613 068	89 134	702 202	635 833	102 683	738 516	723 857	70 240	794 097	769 234	58 992	828 226
SO1	67%	92%	70%	69%	91%	72%	69%	95%	71%	70%	98%	72%
SO2	5%	3%	4%	5%	2%	5%	4%	3%	4%	4%	1%	4%
SO3	3%	1%	3%	3%	0%	2%	3%	0%	2%	3%	0%	3%
SO4	0.08%	0.00%	0.07%	0.21%	0.00%	0.18%	0.08%	0.00%	0.08%	0.09%	0.00%	0.08%
SO5	18%	1%	15%	16%	0%	13%	16%	0%	15%	16%	0%	15%
SO6	3%	0%	2%	3%	0%	2%	3%	0%	2%	3%	0%	2%
SO7	4%	4%	4%	4%	7%	5%	5%	2%	4%	5%	2%	4%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

⁷⁶ Service Delivery and Budget Implementation Plan (SDBIP) 2015/2016



Financial Service Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Financial viability as expressed by the following ratio: Debt Coverage (TL7 – 2014/2015) and (TL13 – 2015/2016)	The ratio measures the ability to cover debt service payments with own revenue to aid in determining the financial viability of the municipality	Number	25.5	23.5	15.5	15.24	24.2	23.9	21.0	19.9	21.9
Financial viability as expressed by the following ratio: Outstanding Service Debtors to Revenue (TL9 – 2014/2015) and (TL15 – 2015/2016)	To calculate the ratio of service debtor to service revenue to aid in determining the financial viability of the municipality	Percentage	15.5	17.2	15.5	18.03	20.4	19.7	18.8	16.3	14.7
Financial viability as expressed by the following ratio: Cost Coverage (TL8 – 2014/2015) and (TL14 – 2015/2016)	To calculate the ability to cover fixed cost with available cash to aid in determining the financial viability of the municipality	Number	2	1.4	1.3	7.94	0.8	3.12	0.5	1.5	2.8
Debtors payment level (TL30 – 2014/2015) and (TL23 – 2015/2016)	The debtor's payment level directly relates to the municipalities capacity to collect amounts due in regards to rates, service and sundry charges and is fundamental to maintain positive cash flows and ensuring stability and long term financial viability.	Percentage	93	94	94	95.3	92.4	95.8	94.4	94.4	94.4
Submit report on Alternative Sources of Funding to Council (TL28 – 2015/2016)	Investigate the feasibility of appointing an external service provider to identify and source additional sources of funding for financing major projects and table a report to Council in this regard.	Number	-	-	1	1	1	0 ⁷⁷	-	-	-

⁷⁷ Measures taken to address none achievement of performance indicators are set out in Component K: Organisational Performance Scorecard

Employees: Finance							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
D	1	1	1	1	0	1	100%
C	5	4	6	6	6	0	0%
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0	0%
13 - 15	4	5	4	5	3	2	40%
10 - 12	11	13	15	18	18	0	0%
7 - 9	7	8	4	2	2	0	0%
4 - 6	36	41	41	45	44	1	2%
0 - 3	0	0	2	3	3	0	0%
Total	64	72	73	80	76	4	5%

Financial Performance: Financial Services							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	157 100	170 300	171 318	174 434	2 %	2 %	
Expenditure:							
Employees	18 675	18 743	20 480	20 691	10 %	1 %	
Repairs and Maintenance	613	255	255	305	20 %	20 %	
Other	14 730	25 134	24 581	13 139 ⁷⁸	(48)%	(47)%	
Total Operational Expenditure	34 018	44 131	45 315	34 135	(23)%	(25)%	
Net Operational Expenditure	(123 082)	(126 170)	(126 003)	(140 299)	11 %	11 %	

Capital Expenditure: Financial Services							R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)	
Total All	438	463	2 208	405%	377%	2 671	
Replace Leaking Roof Finance Building	238	238	240	1%	1%	377	
Upgrade Sedgefield Finance Building	125	125	123	(1%)	(1%)	125	
Program Office Furniture and Computer Equipment	75	100	310	314%	210%	482	
Printers			1 534				
Total of Sundry Projects						1 686	

⁷⁸ Budgeted debt impairment on rates not utilised

3.24 HUMAN RESOURCE SERVICES

The Human Resources Department contributes to managing the gap between human capacity needs and realities of the Knysna Municipality.

A Human Resources Strategy is in place to align our human resource policies and practices to support the accomplishment of the mission, vision, goals and strategies of Knysna Municipality. The focus is to invest in our human capital to contribute effectively, efficiently and economically to the achievement of short, medium and long term objectives of our Municipality.

The purpose of the human resources strategy is to maximise the potential of the employees at Knysna Municipality through:

- The acquisition of knowledge, skills and values;
- Increased work productivity to achieve a rising quality of life for all;
- Achieving the following human resources strategies over a five year period to address the critical issues;
- Improve the foundations for human development and optimize personnel utilization;
- Improve the supply of high quality skills, especially scarce skills which are more responsive to societal and economic needs;
- Increase employer participation in lifelong learning by promoting learning opportunities;
- Improve professionalism and ethical work practices;
- Review the institutional Structure (restructuring to accommodate new critical needs for effective, efficient and economical service delivery);
- TASK grading and job evaluation (Job descriptions with profiles, competencies and performance standards);
- Recruitment, selection and assigning employees (right person in right position with required competencies and skills);
- Implement Employment Equity targets to address the under representation of black people, women and disabled people in the demographic profile of Knysna Municipality;
- Training and development of staff capacity (management skills on lower, middle and senior levels);
- Compile critical HR Policies, related procedures and control mechanisms;
- Labour relations (improve relationship with Unions – optimize staff potential, full utilization of staff, improve motivation and productivity and address incapacity cases); and
- Health and Safety (maintain a safe and healthy work environment, safety audit completed critical safety hazards addressed, decrease in job injuries).

In the year ahead work will be done to develop succession and talent retention strategies and policies in order to grow internal capacity and ability. It is believed that this is a key tool to realizing many of the components of the HR strategy.

Workplace Skills Plan⁷⁹

Knysna Municipality has a skills development plan which is updated and reviewed annually in line with the prescripts of the Skills Development Act of 1998. The Act aims to improve the quality of life of the labour force, to encourage the labour force to be self-motivated and to encourage workers to participate in leadership and other programmes. The municipality promotes and implements skills

⁷⁹ 7.12 Workplace Skills Plan, IDP Review 2015/2016

development strategies to facilitate the implementation of the objectives of the Integrated Development Plan. Although the Directorate: Corporate Services drives the Workplace Skills Plan, every municipal department is required to implement the plan and allocate budgets accordingly. This WSP also need to identify areas where skills shortages exist with a strong focus of developing scarce skills internally which will also assist to stimulate the local economy.

Occupational Health & Safety⁸⁰

Occupational Health and Safety (OHS) management is a system of identifying, analysing, evaluating, monitoring and controlling of all health and safety hazards and risks in the workplace. It aims to ensure that the best possible working conditions in the organization are maintained. This helps to reduce workplace accidents and illness, cutting out related costs, downtime and absenteeism, as well as prioritizing the wellbeing of staff. It is common knowledge that better, safer working conditions lead to better performance and enhanced productivity. This ensures that the available human resources are optimized and the municipality is able to deliver services of a high standard to the community. This will assist the municipality in achieving its strategic goals.

Knysna Municipality has recently improved the functioning of the Occupational Health & Safety Committees as there was a lack of participation on all levels. On some levels the functioning of the OHS Committees has improved (e.g. Solid Waste OHS Committee meeting every two months, but there are OHS Committees who stopped functioning all together (e.g. Protection Services OHS Committee). The structures of the Committees have been changed once again to streamline the functioning of the OHS Committees, i.e. the Corporate, Finance and Planning and Development OHS Committees have been amalgamated to ensure the participatory involvement of workers and management. At the senior management team meetings, OHS is a standing item to ensure that top management is kept up to date with any OHS issues that cannot be resolved on the lower levels.

Knysna Municipality's Occupational Health and Safety Plan is updated monthly and reviewed annually. The key actions of the plan are to ensure a healthy and safe working environment and healthy employees, by:

- enforcing compliance to the OHS legislation
- finalizing all OHS appointments as specified by the OHS legislation
- completing Health Risk Assessments on a continued basis
- investigating and reporting of all incidents
- conducting annual OHS audits
- placing all employees on an OHS medical surveillance programme
- arranging Occupational Hygiene Monitoring
- running a hearing conservation programme for all employees
- ensuring ongoing OHS-related training at all levels of the organization
- keeping of all records and documents as stipulated by OHS legislation
- ensuring that all contractors adhere to the Construction Regulations requirements
- focusing on increasing the educational talks to be held at all sections

⁸⁰ 7.13 Occupational Health & Safety, IDP Review 2015/2016

Some of the challenges experienced are:

- The employees of the municipality are still adjusting to the changes of the functioning of the OHS Committees. Some of the committees have not held meetings yet and the level of literacy resulted in minutes not being taken accurately.
- Some employees are close to retirement age and therefore are not as committed to complying with legislation requirements as the municipality would prefer.
- Not all requirements of the OHS legislation is being adhered to due to budgetary constraints, for e.g. annual OHS medical examinations and inoculations for the employees exposed to hazardous biological agents.
- Even though employees receive OHS training every year, there is still some resistance to implementing the tools they were given to improving the working environment. Line managers are required to enforce implementation in their sections.
- Keeping records and documents as required by legislation.
- The delaying of the finalization of the organizational review is having an impact on the planning and implementing of the OHS appointments because it results in the re-election of the Health and Safety Representatives being on hold.

Despite all the challenges, Knysna Municipality has come a far way with implementing OHS legislation requirements. This can be seen with the annual OHS audits conducted. The latest audit reports have shown a vast improvement in all departments. The involvement of top management as well as line managers have improved tremendously. Knysna Municipality has 56 Health and Safety Representatives who play an active role in assisting management to improve compliance to OHS legislation. Even though record keeping amongst the sections is a challenge, training is currently provided in this regard and the OHS Officer visits the sections regularly to support and advise the supervisors on different tools to be used, i.e. compiling registers, standing operational procedures, etc.

A software consultant appointed by the IT department has developed an OHS Programme (called iDesk) to improve the reporting of incidents by all employees. The software is still in its testing phase and once it is fully operational it will assist with the following aspects:

- An electronic incident register
- Health risk assessment
- OHS medical examination results (fitness to work certificates of employees)
- Employer's report and
- Annexure 1

Supervisors and employees are still struggling to identify the risks, but training is provided in this regard and the OHS Officer conducts monthly inspections; the findings are recorded on an incident register and recommendations are forwarded to the supervisors for discussion at the OHS Committee meetings.

The maintenance of buildings and equipment has improved and any deviations are dealt with timeously. Deviations which is costly to rectify, is reported to top management for action. Housekeeping in most of the sections has improved substantially and supervisors take immediate action to remove any damaged items and disposing of items in a timeously manner.

Response required	Municipal Action	Progress	Time Frame
Appointments as required by OHS legislation, for e.g. 16(2) appointees, GMR(2) appointees, Health and Safety Representatives, First Aiders, etc.	Ensure that all OHS appointments are completed	80%	2015 - 2017
Establish OHS Committees and have meetings at least every 3 months	Ensure that all committees have been established and is functioning properly	OHS committees have been established, but not all are functioning properly	2015 - 2016
Identify the hazards and evaluate the risks associated with listed work	Conduct Health Risk Assessments in all areas	30%	2015 - 2017
Employees exposed to listed work should be subjected to medical surveillance	Subject employees to medical surveillance	60%	2015 - 2017

Human Resource Services Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Submit a report on the Organisation Review and re-design to Council (TL24 – 2014/2015)	An organisational structure provides guidance to all employees by laying out the official reporting relationships that govern the workflow of the Municipality. A consultant has been appointed to undertake a comprehensive review and submit recommendations. A final report will be submitted to Council by the end of April 2015 for consideration.	Number	-	-	-	-	1	1	-	-	-
Observation and measurement (O&M) (TL20 – 2015/2016)	Develop an assessment /plan to be submitted to Council for a way forward regarding performing an Observation and Measurement study	Number	-	-	-	-	-	-	1	-	-
Review of the Organisational Design of the Organization (TL21 – 2015/2016)	To approve the Final Organisational Design and to implement it.	Number	-	-	-	-	-	-	1	-	-
Skills development: Percentage budget spent on implementation of workplace skills plan (WSP) (TL15 – 2014-2015) and (TL12 – 2015/2016)	The workplace skills plan (WSP). Public Service employers in the national and provincial spheres of government are required in terms of Section 30 of the Skills Development Amendment Act to budget at least one percent [1%] of their payroll for the education and training of their employees. : Measured against training budget.	Percentage	1	1	1	0.33	1	0.52	1.02	0.99	0.99

Human Resource Services Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the approved employment equity plan Indicator (TL14 – 2014/2015) and (TL11 – 2015/2016)	The indicator measures the percentage of people from employment equity target groups employed in the three highest levels of (Municipal Manager, Directors and managers reporting to directors) management in compliance with the approved employment equity plan. Each directorate contributes to the corporate achievement of targets and goals by implementing its own objectives of quantitative and qualitative goal setting. The three highest levels are Top Management(MM and Directors); Managers reporting to Directors and Middle Management (Section Heads and Professionals)	Percentage	80	74.42	80	85	87	80	80	80	80

Employees: Human Resource Services							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0	0%
13 - 15	1	1	1	1	1	0	0%
10 - 12	5	5	6	5	5	0	0%
7 - 9	0	0	0	0	0	0	0%
4 - 6	1	2	4	4	4	0	0%
0 - 3	0	0	0	0	0	0	0%
Total	7	8	11	10	10	0	0%

Financial Performance: Human Resources						
R'000						
Details	2013/2014	2014/2015				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget
Total Operational Revenue	337	334	334	306	8)%	(8)%
Expenditure:						
Employees	3 299	3 699	3 699	3 420	(8)%	(8)%
Repairs and Maintenance	-	-	-	-	-	-
Other	6 115	6 757	6 912	5 696	(16)%	(18)%
Total Operational Expenditure	9 414	10 456	10 611	9 116	(13)%	(14)%
Net Operational Expenditure	9 076	10 122	10 277	8 810	(13)%	(14)%

3.25 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Our 3 primary objectives in ICT are:

- To minimize IT downtime of the network to less than 5% of the time;
- To ensure that our data is backed-up on a regular basis; and
- To ensure all IT queries are addressed within 5 working days.

With the upgrade on our wireless network there have been improvements in the speed/performance of the network at the external offices; namely Technical Services, Electricity, Risk and Performance offices and Customer Care. We are continually upgrading as technology is improving consistently.

IT queries range from hardware to software issues, 99% of the time our technicians address the issues within 2 working days. Our more complex issues are dealt with by specialist staff. The recruitment and retention of competent and experienced personnel remains a significant challenge.

Details	212/2013	2013/2014		2014/2015	
	Actual	Estimate	Actual	Estimate	Actual[1]
Network downtime	1.82%	5%	0.91%	2%	9.05%
Query resolutions	97.97%	98%	99.41%	98%	97%
Back-ups	100%	100%	100%	100%	100%

ICT Services Policy Objectives Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
<i>Review existing Information Technology Policy by the IT committee and submit to Council (TL32 – 2014/2015)</i>	On-going review of the IT policy is imperative to stay current with latest IT related developments and to inform employees what is required of them when using technology provided by the municipality. It is critical to protect the municipality by having a policy to govern areas such as Internet and email usage, security, backups, software and hardware inventory and data retention.	Number	1	1	1	1	1	1	-	-	-

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Employees: ICT Services							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
19 - 20	0	0	0	0	0	0	0%
16 - 18	0	0	1	1	1	0	0%
13 - 15	1	1	0	0	0	0	0%
10 - 12	4	4	5	8	7	1	13%
7 - 9	0	2	2	1	1	0	0%
4 - 6	1	1	0	0	0	0	0%
0 - 3	0	0	0	0	0	0	0%
Total	6	8	8	10	9	1	10%

Financial Performance: ICT Services							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	4	50	50	67	34 %	34 %	
Expenditure:							
Employees	2 429	2 403	2 403	3 015	25 %	25 %	
Repairs and Maintenance	521	1 237	1 237	929	(25)%	(25)%	
Other	4 081	6 614	6 571	6 897	4 %	5 %	
Total Operational Expenditure	7 031	10 254	10 211	10 841	6 %	6 %	
Net Operational Expenditure	7 026	10 204	10 161	10 775	6 %	6 %	

Capital Expenditure: ICT Services							R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)	
Total All	390	1 030	933	139%	(9%)	2 804	
Program Computer Equipment	390	590	743	90%	26%	2 804	
Generator: Finance Building		250			(100%)		
Vehicle Replacement		190	190		(0%)		

3.26 PROPERTY; LEGAL AND PROCUREMENT SERVICES

This component includes: property; legal; and procurement services.

Legal Services provides support to the municipality this support includes;

- Legal support to Council, the Mayor, Speaker and Municipal Manager
- Legal support to administration

Chapter 3

- Municipal by-laws
- Litigation
- Advice on draft policies
- Written and/or oral opinions
- Housing transfers
- Contract management support
- Advice on labour matters

Property; Legal; and Procurement Services (Other) Taken From IDP											
Service Indicators	Outline Service Targets	Unit of Measurement	2012/2013		2013/2014		2014/2015		2015/2016	2016/2017	2017/2018
			Target	Actual	Target	Actual	Target	Actual	Target		
Report on Council Property Utilisation submitted to Council (TL23 – 2014/2015)	Assess all Council property holdings for investment and/or development purposes and submit report to Council	Number	-	-	-	-	1	1	-	-	-
Implementation of a Resolution Management System by submitted quarterly reports to Council (TL26 – 2014/2015)	To enhance the management of Council resolutions by providing quarterly reports to Council on the progress made in regards to their implementation.	Number	-	-	-	-	4	2 ⁸¹	4	4	4
Annual Review of By-laws submitted to Council (TL27 – 2014/2015)	Annual reviews of all identified municipal by-laws:	Number	-	-	-	-	10	9	10	10	10

⁸¹ Measures taken to address none achievement of performance indicators are set out in Component K: Organisational Performance Scorecard

Employees: Property; Legal; Risk Management; and Procurement Services							
Job Level	2011/2012	2012/2013	2013/2014	2014/2015			
	Employees	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Directors ⁸²	4	4	4	4	4	0	0%
Contract ⁸³	0	0	1	1	1	0	0%
19 - 20	0	0	0	0	0	0	0%
16 - 18	1	1	2	2	2	0	0%
13 - 15	8	9	8	9	9	0	0%
10 - 12	9	11	12	14	12	2	14%
7 - 9	5	4	7	9	9	0	0%
4 - 6	21	27	24	26	23	3	12%
0 - 3	6	6	7	5	5	0	0%
Total	54	62	65	70	65	5	7%

Financial Performance: Other Administration							R'000
Details	2013/2014	2014/2015					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Original Budget	Variance to Adjustment Budget	
Total Operational Revenue	3 769	4 381	4 940	6 260	43 %	27 %	
Expenditure:							
Employees	26 003	29 185	29 915	28 072	(4)%	(6)%	
Repairs and Maintenance	5 253	5 440	5 440	963 ⁸⁴	(82)%	(82)%	
Other	18 329	20 109	27 356	16 369	(19)%	(40)%	
Total Operational Expenditure	49 585	54 734	62 711	45 404	(17)%	(28)%	
Net Operational Expenditure	45 817	50 354	57 771	39 144	(22)%	(32)%	

Capital Expenditure							R' 000
Projects	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Variance from Adjusted budget	Project Value (2014/15 - 2016/17)	
Total All	635	1 188	1 051	66%	(11%)	3 845	
Program Tools & Equipment	350	807	667	91%	(17%)	1 998	
Program Office Furniture	130	176	157	20%	(11%)	794	
Program Small Plant	60	38	123	104%	223%	857	
Buffelskop C/Park: Wendy house	30	52	42	39%	(20%)	30	
Total of Sundry Projects	65	115	64	(2%)	(45%)	166	

⁸² Corporate Services, Community Services, Planning and Development and Technical Services

⁸³ Manager : Development Planning (PMU)

⁸⁴ Repairs and maintenance vehicles

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

The municipal scorecard (Top Layer SDBIP) consolidates service delivery targets set by Council / senior management and provides an overall picture of performance for the municipality as a whole, reflecting performance on its strategic objectives.

STRATEGIC OBJECTIVE NUMBER ONE

To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL1	The number of single residential properties with access to basic level of electricity.	The indicator reflects the number of residential properties that the Municipality is aware of which are connected to the municipal electrical infrastructure network for both credit and prepaid metering. (A10)	20 618 [twenty thousand six hundred and eighteen] (Number)	None required	20 670 [twenty thousand six hundred and seventy] (Number)	20,670	18,976	0 / 0	0 / 0	0 / 0	20,670 / 18,976	Almost Met	Reporting only performance indicator required by regulation the achievement resides outside of Councils control as it depends on applications received from public. Therefore no steps required to improve performance.	Currently a proxy indicator for reporting purposes. As part of the Business Intelligence and Data Management project a more appropriate set of indicators will be developed.	Management to provide guidance and monitor progress	2015/2016 [20 720] 2016/2017 [20 720] 2017/2018 [20 720]
TL2	The number of single residential properties with access to basic level of water.	The indicator reflects the number of residential properties that the Municipality is aware of which are connected to the municipal water infrastructure network (A10)	15 850 [fifteen thousand eight hundred and fifty] (Number)	None required	16 160 [sixteen thousand one hundred and sixty] (Number)	16,160	15,932	0 / 0	0 / 0	0 / 0	16,160 / 15,932	Almost Met	Target almost achieved missed by 228 (1%)	No intervention required	No intervention required	2015/2016 [16 480] 2016/2017 [16 480] 2017/2018 [16 480]
TL45	Complete a Hazard, Risk and Vulnerability Assessment and submit to Council	A Hazard, Risk and Vulnerability Assessment (HRVA) will be completed in line with the approved Disaster Management Plan	New Performance Indicator	None required	1 [one] (Number)	1	1	0 / 0	0 / 0	1 / 1	0 / 1	Met	None required	None required	None required	2015/2016 - 2016/2017 - 2017/2018 -

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL53	Annual review of the Water and Sewer Master Plan submitted to Council	The Water and Sewer Master Plan is approved by Council every five years (2010 current approval) and reviewed annually. The plan assists the Municipality to fulfil its obligation to ensure to ensure sustainable access to clean and affordable water to all citizens in its area of jurisdiction. The WSDP must also incorporate Water and Sewer Master Plan.	1 [one]	The department made provision to start with updating of the water and sewer master plans in the 2013/2014 financial year. The first phase of the project entailed the updating, verification and capturing of the data and to model the network with current demands. This phase is now completed and the second phase will incorporate the data from the Integrated Spatial Development Framework (ISDF) which was recently obtained.	1 [one] (Number)	1	0	0 / 0	0 / 0	0 / 0	1 / 0	Not Met	Specifications for the project have been determined and the process for appointment of professional services has been implemented.	No additional intervention required	The Water and Sewer Master Plan will be reviewed by May 2016	2015/2016 [1] 2016/2017 [1] 2017/2018 [1]
TL54	Produce class 0 quality drinking water	Percentage of tests that complies to with SANS (South African National Standard) 241 standards "SANS 241 specifies the quality of acceptable drinking water, defined in terms of microbiological, physical, aesthetic and chemical determinants, at the point of delivery." - ISBN 978-0-626-26115-3 This indicator measures the total of percentage achieved by all water treatment works in the Greater Knysna area as measured per sampling.	98 [ninety eight] (Percentage)	None required	90 [ninety] (Percentage)	90	98	90 / 99	90 / 98	90 / 98	90 / 97	Well Met	None required	None required	None required	2015/2016 [90%] 2016/2017 [90%] 2017/2018 [90%]

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL55	Limit water unaccounted for by maintaining a loss percentage of less than 20%	This indicator measures unaccounted for water which represents the difference between "net production" (the volume of water delivered into the water network) and "consumption" (the volume of water that can be accounted for by legitimate consumption including the indigent consumption.) The reason for the higher that desirable target is due to the shortfall of funds for the required infrastructure refurbishment.	6.5 [six point five] (Percentage)	None required	<20 [twenty] (Percentage)	20	14.6	20 / 12	20 / 14.3	20 / 11.2	20 / 14.6	Extremely Well Met	None required	None required	None required	2015/2016 [<20%] 2016/2017 [<20%] 2017/2018 [<20%]
TL58	Installation of new electrical connections.	New electrical connections in Oupad, Nekkes East and Managed Land Site with funding from obtained from the Department of Energy.	New Performance Indicator	None required	122 [one hundred and twenty two] (Number)	122	80	0 / 0	20 / 0	50 / 0	52 / 80	Not Met	None required, new connections are done on request from individuals and therefore not solely under municipal control.	None required	Additional connections were made in areas outside those listed in the definition.	2015/2016 - 2016/2017 - 2017/2018 -
TL60	Funding first phase CBD sewer reticulation	Submit a report to Council on the possible sources of funding for the financing of the first phase (Grey Street sewer line) sewer reticulation.	New Performance Indicator	None required	1 [one] (Number)	1	0	0 / 0	0 / 0	1 / 0	0 / 0	Not Met	A funding report will be submitted to Council prior to the 2015/2016 adjustment budget process.	No additional intervention required, Performance section will monitor implementation.	The report will be submitted to Council by February 2016.	2015/2016 - 2016/2017 - 2017/2018 -
TL61	Funding first phase Hornlee toilets	100% expenditure of budget allocation for the upgrading of Hornlee toilets as per the 2013 Hornlee Sewer Investigation Report	New Performance Indicator	None required	1 [one] (Number)	1	0	0 / 0	0 / 0	0 / 0	1 / 0	Not Met	Contractor has been appointed and construction of toilets has commenced.	No additional intervention required, Performance section will monitor implementation.	Capital funds for 2015/2016 will be fully utilised by June 2016.	2015/2016 - 2016/2017 - 2017/2018 -

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL70	Percentage of transfers registered by Conveyancers: Percentage of signed sales agreements submitted to Conveyancers to effect transfer.	Percentage of signed sales agreements submitted to Conveyancers to effect transfer.	90%, Estimated as this is a new PI	None required	90 [ninety] (Percentage)	90	28	90 / 0	90 / 0	90 / 0	90 / 28	Not Met	Due to the reliance on external role-players (Conveyancers) which aren't accountable to the municipality the achievement of the performance indicator cannot be controlled and has therefore been removed for future years.	No intervention required	Transfers will be managed and monitored operationally and progress reported to the Governance and Economic Development Committee.	2015/2016 [-] 2016/2017 [-] 2017/2018 [-]

STRATEGIC OBJECTIVE NUMBER TWO

To ensure ecological integrity through sustainable practices of municipal governance

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL3	The number of single residential properties with access to basic level of sanitation.	The indicator reflects the number of residential properties that the Municipality is aware of connected to the municipal waste water (sanitation/sewerage) network irrespective of the number of water closets (toilets). (A10)	11,216 [eleven thousand two hundred and sixteen] (Number)	None required	11 440 [eleven thousand four hundred and forty] (Number)	11,440	11,469	0 / 0	0 / 0	0 / 0	11,440 / 11,469	Well Met	None required	None required	None required	2015/2016 [11 670] 2016/2017 [11 670] 2017/2018 [11 670]

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL4	The number of single residential properties with access to basic level of solid waste removal	This indicator reflects the number of single residential properties that the Municipality is aware of which are receiving a weekly door to door refuse removal service. This excludes vacant residential properties. (A10)	13 858 [thirteen thousand eight hundred and fifty eight] (Number)	None required	14 130 [fourteen thousand one hundred and thirty] (Number)	14,130	14,131	0 / 0	0 / 0	0 / 0	14,130 / 14,131	Well Met	None required	None required	None required	2015/2016 [14 410] 2016/2017 [14 410] 2017/2018 [14 410]
TL39	Review of the Integrated Waste Management Plan – IWMP submitted to Council	The Integrated Waste Management Plan - IWMP is a requirement by legislation. It is an integrated waste management system and process aimed at waste minimisation, managing the impact of waste on the receiving environment over the entire waste circle which includes waste generation, storage, collection, transportation, treatment and disposal of waste. It is intended to guide municipalities and their partners to move away from fragmented and uncoordinated waste management towards an integrated system.	0 [zero] (Number)	None required	1 [one] (Number)	1	1	0 / 1	0 / 0	0 / 0	1 / 0	Met	None required	None required	None required	2015/2016 - 2016/2017 - 2017/2018 -
TL46	Completion of draft Waste Management Infrastructure Plan	Develop an effective maintenance plan to extend the lifespan of existing waste management infrastructure/assets	New Performance Indicator	None required	1 [one] (Number)	1	0	0 / 0	0 / 0	0 / 0	1 / 0	Not Met	A regional maintenance plan is being developed for the area and will be finalised during 2015/2016	It is expected that the planned outcome will be achieved by the end of the 2015/2016 financial year.	Management to monitor progress	2015/2016 - 2016/2017 - 2017/2018 -

STRATEGIC OBJECTIVE NUMBER THREE

To create an enabling environment for economic growth that attracts investors, encourages innovation and facilitate pro-poor interventions

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL5	Number of Expanded Public Works Programme (EPWP) job opportunities created by the organisation	This indicator measures the number of work opportunities created through the Expanded Public Works Programme (EPWP). An EPWP work opportunity is paid work created for an individual on an EPWP project for any period of time, within the employment conditions of the Code of Good Practice for Special Public Works Programmes. Each Directorate has a responsibility to create EPWP opportunities and report them to the EPWP administrator. The individual targets per Directorate are reflected in the Directors' scorecard. The target reflected here relates to the organisation as a whole.	1,867 [one thousand eight hundred and sixty seven]	None required	1 300 [one thousand three hundred] (Number)	1,300	2,466	300 / 474	300 / 623	300 / 523	400 / 846	Extremely Well Met	None required	None required	None required	2015/2016 [1 400] 2016/2017 [1 400] 2017/2018 [1 400]
TL23	Report on Council Property Utilisation submitted to Council	Assess all Council property holdings for investment and/or development purposes and submit report to Council	1 [one]	A verification of the asset register has been completed by the Informal Property Committee which consists of staff from Planning and Development, Properties, Legal and Finance and a preliminary report has been submitted to Council	1 [one] (Number)	1	1	1 / 1	0 / 1	0 / 0	0 / 0	Met	None required	None required	None required	2015/2016 - 2016/2017 - 2017/2018 -

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL63	Identification and implement of two SMME (economic) development projects for emerging contractors	<p>1) Support to SMME through business related training - SMME's are supported through training opportunities relating to various stages of their businesses and sectors. A training programme was designed in partnership with SEDA to offer these opportunities to individuals. This is advertised in the local press and facilitated by a course specific facilitator relating to a) basic business skills b) tender training c) creative businesses - marketing skills etc.</p> <p>2) Support to SMME through trading spaces - The informal economy operates with very little infrastructure, it is the role of local government to provide economic spaces for the informal economy to trade in order to bridge the divide between the formal and the informal economy. This is done through a council adopted informal trader policy and y-law which regulates this process. The Economic Development Department administrates this process and provides a support service to these informal traders. Therefore the number of permits issued relates to the traders who comply to the by-law and policy and operate legally in an informal trading area thereby accessing an economic opportunity to sell their goods and earn an income.</p> <p>Ensure that SMME's are identified and supported through strategic municipal interventions.</p>	New Performance Indicator	None required	2 [two] (Number)	2	28	0 / 2	0 / 2	0 / 2	2 / 28	Extremely Well Met	None required	None required	None required	2015/2016 - 2016/2017 - 2017/2018 -

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL67	Completed Tender process for appointment of Place marketing Agent: To prepare a tender for appointment of Place marketing Agent, ensure that tender is evaluated and recommendation made to Bid Adjudication Committee	To prepare a tender (1) for appointment of Place marketing Agent, ensure that tender is evaluated and recommendation made to Bid Adjudication Committee	New Performance Indicator	None required	1 [one] (Number)	1	1	0 / 0	0 / 0	0 / 0	1 / 1	Met	None required	None required	None required	2015/2016 - 2016/2017 - 2017/2018 -
TL68	Submission of application for Infrastructure Funding on behalf of Rheenendal and Karatara Council of Stakeholders: Completed proposal submitted to Department of Rural Development and Land Reform.	One completed proposal submitted to Department of Rural Development and Land Reform.	New Performance Indicator	None required	1 [one] (Number)	1	1	1 / 1	0 / 0	0 / 0	0 / 0	Met	None required	None required	None required	2015/2016 - 2016/2017 - 2017/2018 -

STRATEGIC OBJECTIVE NUMBER FOUR

To facilitate real opportunities for youth, women, and disabled and appropriate care for the aged.

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
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Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL6	Number of Expanded Public Works Programme (EPWP) job opportunities created for women and youth by the organisation	Number of Expanded Public Works Programme (EPWP) job opportunities created for youth and woman. Each Directorate has a responsibility to create EPWP opportunities for women and youth and report them to the EPWP administrator. The individual targets per Directorate are reflected in the Directors' scorecard. The target reflected here relates to the organisation as a whole	1 695 [one thousand six hundred and ninety five] (Number)	None required	1 200[one thousand two hundred] (Number)	1,200	1,680	300 / 356	300 / 478	300 / 317	300 / 529	Well Met	None required	None required	None required	2015/2016 [1 300] 2016/2017 [1 300] 2017/2018 [1 300]
TL62	Identification and implementation of five social projects	Five social programs to be identified and progress reported to Council.	New Performance Indicator	None required	5 [five] (Number)	5	5	0 / 0	0 / 5	5 / 5	0 / 5	Met	None required	None required	None required	2015/2016 - 2016/2017 - 2017/2018 -
TL69	Regular reporting to Council on the operations of the Greater Knysna Welfare Forum: Quarterly reports to the Section 80 Committee meeting on programs that have been initiated by the Greater Knysna Welfare Forum and that minutes of the meetings held every two months be submitted to Council for information.	Six reports to the Section 80 Committee meeting on programs that have been initiated by the Greater Knysna Welfare Forum	New Performance Indicator	None required	6 [six] (Number)	6	5	1 / 1	2 / 2	1 / 1	2 / 1	Almost Met	As currently structured the performance indicator relies on the performance of an external forum.	Performance indicator to be amended to insure the achievement of the outcome is within the directorate's control.	Management to provide guidance and monitor progress	2015/2016 [6] 2016/2017 [6] 2017/2018 [6]

STRATEGIC OBJECTIVE NUMBER FIVE

To ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL7	Financial viability as expressed by the following ratio: Debt Coverage	The ratio measures the ability to cover debt service payments with own revenue to aid in determining the financial viability of the Municipality (SA8)	15.24 [fifteen point twenty four] (Number)	None required	24.2 [twenty four point two] (Number)	24.2	23.9	0 / 0	0 / 0	0 / 0	24.2 / 23.9	Almost Met	None required only a 0.3% (1%) deviation from target.	None required	None required	2015/2016 [20.5] 2016/2017 [20.5] 2017/2018 [20.5]
TL8	Financial viability as expressed by the following ratio: Cost Coverage	To calculate the ability to cover fixed cost with available cash to aid in determining the financial viability of the Municipality (SA8)	7.94 [seven point ninety four] (Number)	None required	0.8 [zero point eight] (Number)	0.8	3.12	0 / 0	0 / 0	0 / 0	0.8 / 3.12	Extremely Well Met	None required	None required	None required	2015/2016 [0.7] 2016/2017 [0.7] 2017/2018 [0.7]
TL9	Financial viability as expressed by the following ratio: Outstanding Services Debtors Revenue	To calculate the ratio of service debtor to service revenue to aid in determining the financial viability of the Municipality (SA8)	18.03 [eighteen point five] (Percentage)	Detailed financial information available in the Annual Financial Statements.	20.4 [twenty point four] (Percentage)	20.4	19.7	0 / 0	0 / 0	0 / 0	20.4 / 19.7	Almost Met	None required only a 0.7% (3%) deviation from target.	None required	None required	2015/2016 [21.4%] 2016/2017 [21.4%] 2017/2018 [21.4%]
TL10	The number of formalised single residential properties earning less than R2500 per month with access to free basic services: WATER	This indicator reflects the 100% social rebate granted in respect to the annual water availability fee charged to qualifying home owners of single residential properties. (A10)	1.277 [one thousand two hundred seventy seven] (Number)	Reporting only performance indicator required by regulation the achievement resides outside of Councils control as it depends on applications received from public. Therefore no steps required to improve performance.	1 280 [one thousand two hundred and eighty] (Number)	1,280	1,655	0 / 0	0 / 0	0 / 0	1,280 / 1,655	Met	None required	None required	None required	2015/2016 [1 280] 2016/2017 [1 280] 2017/2018 [1 280]

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL11	The number of formalised single residential properties earning less than R2500 per month with access to free basic services: SANITATION/ SEWERAGE	This indicator reflects the 100% social rebate granted in respect to the annual sanitation fee charged to qualifying home owners of single residential properties. (A10)	1 264 [one thousand two hundred and sixty four] (Number)	Reporting only performance indicator required by regulation the achievement resides outside of Councils control as it depends on applications received from public. Therefore no steps required to improve performance	1 260 [one thousand two hundred and sixty] (Number)	1,260	1,655	0 / 0	0 / 0	0 / 0	1,260 / 1,655	Met	None required	None required	None required	2015/2016 [1 260] 2016/2017 [1 260] 2017/2018 [1 260]
TL12	The number of formalised single residential properties earning less than R2500 per month with access to free basic services: SOLID WASTE/ REFUSE	This indicator reflects the 100% social rebate granted in respect to the annual solid waste fee charged to qualifying home owners of single residential properties. (A10)	1 292 [one thousand two hundred and ninety two] (Number)	Reporting only performance indicator required by regulation the achievement resides outside of Councils control as it depends on applications received from public. Therefore no steps required to improve performance	1 290 [one thousand two hundred and ninety] (Number)	1,290	1,655	0 / 0	0 / 0	0 / 0	1,290 / 1,655	Met	None required	None required	None required	2015/2016 [1 290] 2016/2017 [1 290] 2017/2018 [1 290]
TL13	The number of formalised single residential properties earning less than R2500 per month with access to free basic services: ELECTRICITY	This indicator relates to the Pre-Paid Electricity Tariff Electrification Housing Scheme (Limited to 20A) limited to 400kWh and first 50kWh free	8 713 [eight thousand seven hundred and thirteen] (Number)	None required	8 710 [eight thousand seven hundred and ten] (Number)	8,710	1,655	0 / 0	0 / 0	0 / 0	8,710 / 1,655	Not Met	Reporting only performance indicator required by regulation the achievement resides outside of Councils control as it depends on applications received from public. Therefore no steps required to improve performance.	Currently a proxy indicator for reporting purposes, As part of the Business Intelligence and Data Management project a more appropriate set of indicators will be developed.	Management to provide guidance and monitor progress	2015/2016 [8 710] 2016/2017 [8 710] 2017/2018 [8 710]

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL15	Percentage budget spent on implementation of workplace skills plan (WSP)	Public Service employers in the national and provincial spheres of government are required in terms of Section 30 of the Skills Development Amendment Act to budget at least one percent [1%] of their payroll for the education and training of their employees measured against training budget.	0.33 [zero point thirty three] (Percentage)	There has been a significant improvement since the training votes were centrally controlled by HR Department	1.02 [one point zero two] (Percentage)	1.02	0.52	0 / 0	0 / 0	0 / 0	1.02 / 0.52	Not Met	Delays were experienced with the appointment of some of the service providers. The training will be provided during 2015/2016.	Significant improvement during 2014/2015 and it is expected that the planned outcome will be achieved by the end of the 2015/2016	Satisfied with processes undertaken taken to address the underperformance during 2014/2015.	2015/2016 [0.99%] 2016/2017 [0.99%] 2017/2018 [0.99%]
TL16	The percentage of a Municipality's capital budget actually spent on budgeted capital projects	Percentage reflecting year-to-date spend/total budget, less any contingent liabilities relating to the capital budget. The total budget is the Council-approved adjusted budget at the time of the measurement. Contingent liabilities are only identified at the year-end.	100 [one hundred] (Percentage)	None required	100 [one hundred] (Percentage)	100	69	22 / 18	39 / 34	63 / 37	100 / 69	Not Met	Will be reviewed on a weekly basis at the Top Management Team (TMT) meetings	With the measures taken it is expected that the planned outcome will be achieved by the end of the 2015/2016 financial year.	Management to provide guidance and monitor progress	2015/2016 [100%] 2016/2017 [100%] 2017/2018 [100%]
TL17	Submit a review of the Performance Management Framework to Council	Individual performance is about linking individual employee's objectives with the Municipality's strategic objectives. The emphasis is on improvement, learning and development in order to achieve the overall vision of the Municipality and to create a high performance workforce. Council has approved the Performance Management Framework in 2012. This KPI seeks to review and update the Framework in order for it to be tabled to Council for approval	New Performance Indicator	None required	1 [one] (Number)	1	1	0 / 0	0 / 0	0 / 0	1 / 1	Met	None required	None required	None required	2015/2016 [1] 2016/2017 [1] 2017/2018 [1]
TL18	Risk Management Implementation Plan submitted to the RMC	To improve risk management by developing / reviewing and submitting the Risk Management Implementation Plan (as required in the Council approved Risk Management Strategy and Policy) to the Risk Management Committee	1 [one]	None required	1 [one] (Number)	1	1	0 / 0	0 / 0	1 / 1	0 / 0	Met	None required	None required	None required	2015/2016 [1] 2016/2017 [1] 2017/2018 [1]

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL19	Ensure the implementation of the risk management system	Annually report on the submission of risks equal or > risk appetite to Risk Management Committee.	New Performance Indicator	None required	1 [one] (Number)	1	1	0 / 0	0 / 0	0 / 0	1 / 1	Met	None required	None required	None required	2015/2016 [1] 2016/2017 [1] 2017/2018 [1]
TL20	Project clean audit: to maintain a clean audit opinion	This indicator measures good governance and accounting practices and will be evaluated and considered by the Auditor-General in determining his opinion. An unqualified audit opinion refers to the position where the auditor, having completed his audit, has no reservation as to the fairness of presentation of financial statements and their conformity with General Recognised Accounting Practices. This is referred to as a 'clean opinion'.	1 [one]	None required	1 [one] (Number)	1	1	0 / 0	1 / 1	0 / 0	0 / 0	Met	None required	None required	None required	2015/2016 [1] 2016/2017 [1] 2017/2018 [1]

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL21	The Risk Based Internal Audit Plan and Quality Assurance Programme submitted to Audit Committee	The Risk Based Audit Plan (RBAP) is based on the risks identified within the Municipality. The plan is approved by the Audit Committee and Council every three years and reviewed annually. The RBAP may be amended more frequently were required with approval from the Audit Committee and Council. The Internal Audit Quality Assurance and Improvement Program (QAIP) is designed to provide reasonable assurance to the various stakeholders of the Internal Audit activity that Internal Audit: 1) Performs its work in accordance with its Charter, which is consistent with The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (Standards), Definition of Internal Auditing and Code of Ethics; 2) Operates in an effective and efficient manner; and 3) Is perceived by stakeholders as adding value and improving Internal Audit's operations. To that end, Internal Audit's QAIP will cover all aspects of the Internal Audit activity (Standard 1300).	2 [two]	None required	2 [two] (Number)	2	2	0 / 0	1 / 0	1 / 1	0 / 1	Met	None required	None required	None required	2015/2016 [2] 2016/2017 [2] 2017/2018 [2]

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL26	Submission of quarterly reports to Council on the status of the Resolution Management System's outstanding resolutions	To enhance the management of Council resolutions by providing quarterly reports to Council on the progress made in regards to their implementation.	2 [two] (Number)	Performance indicator was achieved in line with expectations	4 [four] (Number)	4	2	1 / 0	1 / 0	1 / 1	1 / 1	Not Met	The IT driven resolution system was terminated and an administrative system has been implemented.	There has been regular reporting on resolution management since May 2015.	Council has for quite some time requested a report on the execution and implementation of Council resolutions. Several electronic and technical challenges have hampered this, but an administrative attempt can now be presented. If this format is supported, work can be done to work backwards to a date determined by Council. ⁸⁵	2015/2016 [4] 2016/2017 [4] 2017/2018 [4]
TL27	Annual Review of By-laws submitted to Council	Annual reviews of all identified municipal by-laws: 1 Control of the Seashore 2 Water 3 Stormwater 4 Sewerage 5 Impoundment of Animals 6 Fences and Fencing 7 Refuse removal 8 Funeral parlours 9 Community Fire safety 10 Events	New Performance Indicator	None required	10 [ten] (Number)	10	9	0 / 0	0 / 0	0 / 0	10 / 9	Not Met	The Events bylaw is going to the Governance Section 80 Committee in Feb 2016.	The Performance section will monitor and report on progress made with the Events bylaw.	The Events bylaw was omitted due to a reprioritisation of the review process for existing bylaws. As a result of the new approach a total of twenty bylaws were reviewed.	2015/2016 [10] 2016/2017 [10] 2017/2018 [10]

⁸⁵ Governance and Economic Development Committee Meeting G34/02/15 Resolution and Execution List

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL28	Submit report on Alternative Sources of Funding to Council	Investigate the feasibility of appointing an external service provider to identify and source additional sources of funding for financing major projects and table a report to Council in this regard.	0 [zero] (Number)	Performance indicator was achieved in line with expectations	1 [one] (Number)	1	0	0 / 0	1 / 0	0 / 0	0 / 0	Not Met	All funding requirements including alternative funding will form part of the Long Term Financial Plan as contained in the IDP.	No additional intervention required,	The plan still needs to be drafted, and will be undertaken in conjunction with the development of a long term vision for Knysna Municipality through the ISDF process. The first draft of the ISDF is available and gives a clear indication of catalytic programmes that will be implemented in the medium and longer term. The costing of these programmes will inform the Long Term Financial Plan ⁸⁶	2015/2016 - 2016/2017 - 2017/2018 -
TL30	Debtor's payment level	The debtor's payment level directly relates to the municipalities capacity to collect amounts due in regards to rates, service and sundry charges and is fundamental to maintain positive cash flows and ensuring stability and long term financial viability. (SA8)	95.3 [ninety five point three] (Percentage)	None required	92.4 [ninety two point four] (Percentage)	92.4	95.8	0 / 0	0 / 0	0 / 0	92.4 / 95.8	Well Met	None required	None required	None required	2015/2016 [91.8%] 2016/2017 [91.8%] 2017/2018 [91.8%]
TL32	Review existing Information Technology Policy by the IT committee and submit to Council	On-going review of the IT policy is imperative to stay current with latest IT related developments and to inform employees what is required of them when using technology provided by the Municipality. It is critical to protect the Municipality by having a policy to govern areas such as internet and email usage, security, backups, software and hardware inventory and data retention.	1 [one] (Number)	None required	1 [one] (Number)	1	1	0 / 0	0 / 0	1 / 1	0 / 0	Met	None required	None required	None required	2015/2016 [1] 2016/2017 [1] 2017/2018 [1]

⁸⁶ Long Term Financial Plan, IDP Review 2015/2016

STRATEGIC OBJECTIVE NUMBER SIX

To develop progressive strategies to optimise the use of available human resources

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL14	Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the approved employment equity plan	The indicator measures the percentage of people from employment equity target groups employed in the three highest levels of (Municipal Manager, Directors and managers reporting to directors) management in line with the annual report of the Department of Labour. Each directorate contributes to the corporate achievement of targets and goals by implementing its own objectives of quantitative and qualitative goal setting. The three highest levels are Top Management(MM and Directors); Managers reporting to Directors and Middle Management (Section Heads and Professionals)	100 [one hundred] (Percentage)	None required	80 [eighty] (Percentage)	80	87.1	0 / 0	0 / 0	0 / 0	80 / 87.1	Well Met	None required	None required	None required	2015/2016 [80%] 2016/2017 [80%] 2017/2018 [80%]
TL24	Submit a report on the Organisation Review and re-design to Council	An organisational structure provides guidance to all employees by laying out the official reporting relationships that govern the workflow of the Municipality. A consultant has been appointed to undertake a comprehensive review and submit recommendations. A final report will be submitted to Council by the end of April 2015 for consideration.	1 [one] (Number)	None required	1 [one] (Number)	1	1	0 / 0.5	0 / 0	0 / 0	1 / 1	Met	None required	None required	None required	2015/2016 - 2016/2017 - 2017/2018 -

STRATEGIC OBJECTIVE NUMBER SEVEN

To establish a common vision and create coherence in government's work by seeking close partnerships with citizenry.

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL36	Submission of final draft Integrated Strategic Development Framework (ISDF) to Council for approval	Submission of the Integrated Strategic Development Framework – which integrates the review of the Human Settlement Plan, Economic Development Strategy, Environmental Management Plan, Spatial Development Framework and the Rural Development Strategy	New Performance Indicator	None required	1 [one] (Number)	1	1	0 / 0	1 / 0	0 / 0	0 / 1	Met	None required	None required	None required	2015/2016 - 2016/2017 - 2017/2018 -
TL42	Completion of one Thusong centre	Completion of Thusong Centre in: Smutsville (2014/2015) Rheenendal (2015/2016) White Location (2016/2017) Smutsville	0 [zero] (Number)	None required	1 [one] (Number)	1	1	0 / 1	0 / 1	1 / 0	0 / 0	Met	None required	None required	None required	2015/2016 [1] 2016/2017 [1] 2017/2018 [1]
TL44	Traffic Safety Plan submitted to Council	The Traffic Safety Plan is to be approved by Council. The aim of the plan is to assist the Municipality to fulfil its obligation to improve the safety of all traffic networks users in its area of jurisdiction. The TSP is to include specific focus on Rural and School Transport as well as Scholar Patrols. In addition the TSP must be aligned to the strategies, policies and operational practices of the Western Cape Provincial Government Department of Transport and Public Works.	New Performance Indicator	None required	1 [one] (Number)	1	1	0 / 0	0 / 1	0 / 1	1 / 1	Met	None required	None required	None required	2015/2016 - 2016/2017 - 2017/2018 -
TL47	Completion of draft sport development plan	Develop and submit a Sport Development Plan for the Greater Knysna Municipal area to Council.	New Performance Indicator	None required	1 [one] (Number)	1	1	0 / 0	0 / 0	0 / 0	1 / 1	Met	None required	None required	None required	2015/2016 - 2016/2017 - 2017/2018 -

Ref	Key Performance Indicator	Definition	Baseline (Previous years actual)	Progress on non-achievement previous year	Unit of Measure and (Type)	Annual Target	Annual Actual	Quarter 1 Target / Actual	Quarter 2 Target / Actual	Quarter 3 Target / Actual	Quarter 4 Target / Actual	Status Achieved	Measures taken to improve performance	Performance Management Comment	Management Comment	Target Future Years
TL48	Comprehensive audit of all sport facilities and submit to Council	To conduct a comprehensive audit of all the sport facilities within the greater Knysna municipal area.	New Performance Indicator	None required	1 [one] (Number)	1	1	0 / 0	0 / 0	1 / 1	0 / 1	Met	None required	None required	None required	2015/2016 - 2016/2017 - 2017/2018 -
TL59	Review and submit to Council the Anti-Fraud and Corruption Framework.	Review and submit to Council the Anti-Fraud and Corruption Strategy and Fraud Response Plan (adopted December 2008)The review to include the Local Government Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings ("Financial Misconduct Regulations.") as published in Government Gazette No 37699 dated 30 May 2014	New Performance Indicator	None required	1 [one] (Number)	1	1	1 / 1	0 / 0	0 / 0	0 / 0	Met	None required	None required	None required	2015/2016 [1] 2016/2017 [1] 2017/2018 [1]
TL66	Customer Satisfaction Feedback Equipment Installed: To install 15 Service Systems offering Service Feedback and Customer Relationship Management solutions; to give Council effective and reliable tools for measuring and managing customer service expectations.	15 units installed at the following locations: Income & Traffic Cashiers Cashiers Sedgfield Building Inspectorate Reception Technical Services Reception Corporate Services Reception/Traffic Community Services Knysna Library Supply Chain	New Performance Indicator	None required	15 [fifteen] (Number)	15	15	0 / 0	0 / 0	0 / 15	15 / 15	Met	None required	None required	None required	2015/2016 - 2016/2017 - 2017/2018 -

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employee Totals

The Knysna Municipality currently employs 817 (including non-permanent positions) officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

Description	2011/2012	2012/2013	2013/2014	2014/2015						Turn-over Rate
	Employees	Employees	Employees	Approved Posts	Employees	Vacancies	Vacancies	Appointments	Terminations	
	No.	No.	No.	No.	No.	No.	%			
Water	60	58	56	67	64	3	4%	14	7	13%
Waste Water (Sanitation)	32	35	34	38	35	3	8%	6	5	15%
Electricity	31	32	32	37	30	7	19%	1	3	9%
Waste Management	90	93	92	97	91	6	6%	3	4	4%
Housing	14	15	15	16	16	-	0%	-	-	0%
Roads	72	78	71	76	75	1	1%	10	3	4%
Transport	10	10	11	13	13	-	0%	-	-	0%
Waste Water (Stormwater Drainage)	2	2	2	5	3	2	40%	1	1	50%
Planning	11	11	16	17	17	-	0%	2	-	0%
Local Economic Development	5	6	6	6	6	-	0%	1	-	0%
Libraries; Archives; Museums; Galleries; Community Facilities; Other	59	62	61	64	61	3	5%	8	2	3%
Cemeteries and Crematoriums	8	9	9	9	7	2	22%	-	2	22%

Description	2011/2012	2012/2013	2013/2014	2014/2015						Turn-over Rate
	Employees	Employees	Employees	Approved Posts	Employees	Vacancies	Vacancies	Appointments	Terminations	
	No.	No.	No.	No.	No.	No.	%			
Bio-Diversity; Landscape and Other	2	3	2	3	3	-	0%	-	-	0%
Law Enforcement	29	35	37	36	36	-	0%	-	1	3%
Fire Services	19	32	30	32	31	1	3%	1	1	3%
Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc.	-	-	1	1	1	-	0%	-	-	0%
Sport and Recreation	56	55	54	56	55	1	2%	3	2	4%
Municipal Managers Office	4	9	8	9	9	-	0%	2	1	13%
Finance	64	72	73	80	76	4	5%	3	4	5%
Human Resources	7	8	11	10	10	-	0%	1	2	18%
ICT Services	6	8	8	10	9	1	10%	1	-	0%
Property; Legal; Risk Management; and Procurement Services	54	62	65	70	65	5	7%	4	5	8%
Sub Total: Employees	635	695	694	752	713	39	5%	61	43	6%
Council, Committees and Pensioners	112	112	106	106	104	2	2%	10	11	10%
Totals	747	807	800	858	817	41	5%	71	54	6.75%

Included in the termination figure are resignations (28), retirement (15), promotion (4), death (4), disciplinary (2) and incapacity (1).

Turnover Rate

A high turnover rate may be costly to a Municipality and might negatively affect productivity, service delivery and institutional memory/organisational knowledge. Below is a table that shows the turnover rate within the Municipality. The turnover rate shows a steady decrease from 8.4% in 2010/2011 to 6.8% in 2014/2015, 4.0% if calculated on resignations only.

The table below indicates the turn-over rate over the last five years:

Turn-over Rate				
Details	Total Appointments as of beginning of Financial Year No.	New Appointments	Terminations during the Financial Year No.	Turn-over Rate
2010/2011	633	68	53	8.4%
2011/2012	643	41	32	5.0%
2012/2013	747	88	32	4.3%
2013/2014	807	41	34	4.2%
2014/2015	800	71	54	6.8%
2014/2015	694	61	43	6.2% ⁸⁷
2014/2015	694	61	28	4.0% ⁸⁸

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff. The table below shows the HR policies and plans that are approved and that still needs to be developed: The EAP is still under review and not approved yet.

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	100	100	25 January 2005
2	Attraction and Retention	100	Under review	2004
3	Code of Conduct for employees	100	-	2000
4	Delegations, Authorisation and Responsibility	100	100	3 September 2012
5	Disciplinary Code and Procedures	100	Under review	It is a Bargaining Council document
6	Essential Services	0	0	It is in the agenda of the Local Labour Forum.
7	Employee Assistance / Wellness – under review	100	100	25 Jan 2005
8	Employment Equity	100	100	Nov 2005
9	Exit Management	-	-	
10	Grievance Procedures	100	100	It is a Bargaining Council document
11	HIV/Aids	100	100	25 Jan 2005
12	Human Resource and Development	100	100	August 2013

⁸⁷ Excluding Council, Committees and Pensioners

⁸⁸ Calculated on resignations only

HR Policies and Plans			
	Name of Policy	Completed %	Reviewed % Date adopted by council or comment on failure to adopt
13	Information Technology	100	100 2013
14	Job Evaluation	100	100 August 2002. It is a SALGA process
15	Leave	100	100 2013
16	Occupational Health and Safety	100	100 2013
17	Official Housing	100	100 29 March 2007
18	Official Journeys	100	100 2006
19	Official transport to attend Funerals	-	-
20	Official Working Hours and Overtime	100	100 2006
21	Organisational Rights	100	100 2007, It is a Bargaining Council document.
22	Payroll Deductions	-	-
23	Performance Management and Development	100	- 22 June 2012
24	Recruitment, Selection and Appointments	100	100 26 March 2015
25	Remuneration Scales and Allowances	100	100 It is a Bargaining Council document
26	Resettlement	-	-
27	Sexual Harassment	100	- 25 Jan 2005
28	Skills Development	100	100 2013
29	Smoking	100	- 2001
30	Special Skills	-	-
31	Work Organisation	-	-
32	Uniforms and Protective Clothing	-	-
33	Other: Experiential Learning and Internship	100	- 2006
34	Staff Bursary Policy	100	100 2007
35	Private Work Policy	100	- 2012
36	Acting Policy	100	- 2005
37	Ill Health Policy	100	- 2006
38	Cellular Telephone Policy	100	- 2010

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Injuries on Duty

Occupational injuries will influence the loss of man hours and therefore financial and productivity performance. The injury rate shows a moderate increase for the 2013/2014 financial year with 42 employees injured against 33 in the 2012/2013 financial year. Incidents are investigated to determine whether there was any negligence involved to ensure that it is an actual injury on duty.

Number and Cost of Injuries on Duty 2014/2015					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
	a	b	c ⁸⁹	d ⁹⁰	e ⁹¹
Required basic medical attention only	164	36	45.00%	4.55 days	R 60 653.87
Temporary total disablement	320	7	8.75%	45.71 days	R 155 220.45
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
Total	484	43	53.75%	11.26 days	R 215 874.32

Sick Leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

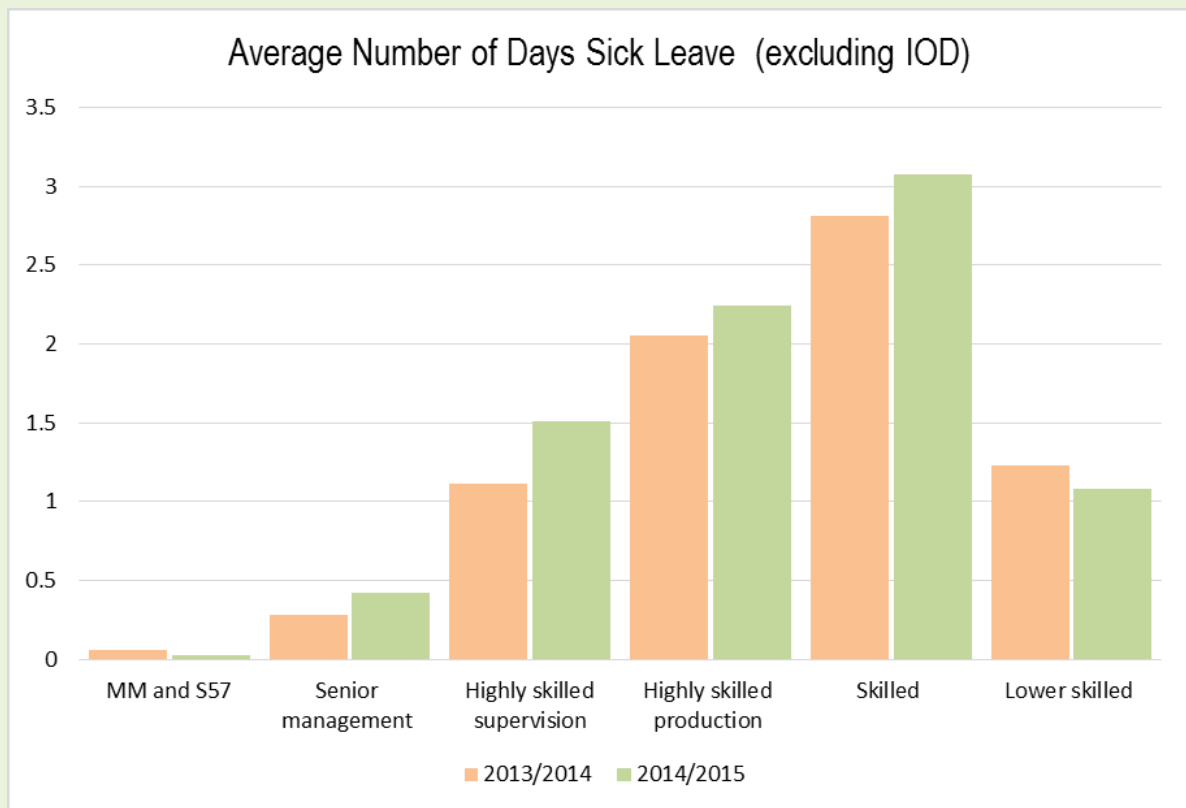
The table below indicates the total number sick leave days:

Number of days and Cost of Sick Leave (excluding injuries on duty)										
Salary band		Total sick leave 2012/2013 Days	Total sick leave 2013/2014 Days	Total sick leave 2014/2015 Days (A)	Proportion of sick leave without medical certification %		Employees using sick leave No.	Total employees in post* No. (B)	*Average sick leave per Employees Days	Estimated cost # R' 000
					2013/2014	2014/2015				
MM and S57	Other	6	40	17	14%	35%	3	5	0.02	29
Senior management	(levels 13-17)	161	197	299	12%	23%	27	36	0.42	164
Highly skilled supervision	(levels 9-12)	697	776	1 073	29%	15%	103	149	1.50	299
Highly skilled production	(levels 6-8)	1 340	1 430	1 596	35%	12%	142	189	2.24	277
Skilled	(levels 3-5)	2 333	1 965	2 190	37%	12%	205	256	3.07	284
Lower skilled	(levels 1-2)	897	861	770	50%	7%	64	78	1.08	84
Total		5 434	5 270	5 945	21%	12%	544	713	8.34	1 136
* - Number of employees available to take leave during the financial year *Average is calculated by taking sick leave in column (A) divided by total employees in column (B) Difference between total employees 4.1 and column (B) relates to Councillors, Ward Committee Members, Audit Committee members and Pensioners										

⁸⁹ Column c: figure given in column b divided by amount of IOD's reported

⁹⁰ Column d: figure given in column a divided by figure given in column b

⁹¹ Column e: the figures given only include cost of basic salary for 2014/2015 financial year. (I have used the daily rates) This excludes the costs of accounts if any was paid by the municipality. The Workmen's Compensation Commissioner normally covers the medical costs. The municipality's Return of Earnings (estimate) was R 887 897.89 - the more IOD's reported in a year, the higher the assessment amount will be



Graph 7: Average Number of Days Sick Leave

Injuries in the Operational Services are normally higher due to the nature of work and the constant handling of equipment and machinery.

No disciplinary actions were taken against any officials on cases of financial misconduct.

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
None			

4.4 PERFORMANCE REWARDS

In terms of regulation 8 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 R.805 a bonus may only be paid after the municipal council has adopted the annual report of the year under review.

The majority of Managers (Directors) appointed in terms of Section 56 of the MSA are on fixed-term performance contracts. The Individual Performance Management System has been cascaded down to the second reporting line of managers. Currently no performance bonus system or policy exists to pay bonus to non-section 57 employees. This will be put in place once the organisation achieves the necessary performance management maturity level.

The table below sets out the total number and cost of annual bonuses paid out to senior managers and fixed term contract employees in the 2014/2015 financial year and relating to the 2013/2014 financial year.

Performance Rewards by Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	0	0	0	0
	Male	0	0	0	0
Skilled (Levels 3-5)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled production (levels 6-8)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled supervision (levels 9-12)	Female	0	0	0	0
	Male	0	0	0	0
Senior management (Levels 13-17)	Female	0	0	0	0
	Male	0	0	0	0
Acting directors and fixed contract employees	Female	0	0	0	0
	Male	0	0	0	0
MM and S57	Female	1	1	171	100
	Male	5	5	652	100
Total		6	6	824	100

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a Municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

4.5 SKILLS DEVELOPMENT AND TRAINING

Management level	Gender	Employees in post as at 30 June Year 2015 No.	Number of skilled employees required and actual as at 30 June Year 2014/2015															
			Learnerships				Skills programmes and other short courses				Other forms of training				Total			
			Actual: End of Year 12/13	Actual: End of Year 13/14	Actual: End of Year 14/15	Year 14/15 Target	Actual: End of Year 12/13	Actual: End of Year 13/14	Actual: End of Year 13/14	Year 15/16 Target	Actual: End of Year 12/13	Actual: End of Year 13/14	Actual: End of Year 14/15	Year 15/16 Target	Actual: End of Year 12/13	Actual: End of Year 13/14	Actual: End of Year 14/15	Year 15/16 Target
MM and s57	Female	0					1	1							1	1	0	1
	Male	5					4	3							4	3	5	-
Councillors, senior officials and managers	Female	16					5	2							5	2	-	-
	Male	27	1	1			12	-	1	1	5		2	2	18	1	3	3
Technicians and associate professionals	Female	7					1	-			2				3	-	-	-
	Male	33					-	2			11				11	2	-	-
Professionals	Female	27	1	1			7	1			6				14	2	-	-
	Male	16	1		2		7	3		3	7				15	3	2	3
Sub total	Female	51	1	1	-	-	14	4	-	-	8	-	-	-	23	5	-	-
	Male	80	2	1	2	-	23	8	1	4	23	-	2	2	48	9	5	6
Total		131	3	2	2	-	37	12	1	4	31	-	2	2	71	14	5	6

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	0	1	1
<i>Chief financial officer</i>	1	0	1	0	1	1
<i>Senior managers</i>	4	0	4	0	4	4
<i>Any other financial officials</i>	20	0	20	0	0	16
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	1	0	1	0	0	1
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
TOTAL	27	0	27	0	6	23

* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

The table below indicates that a total amount budgeted and spent in terms of the workplace skills plan:

Skills Development - Budget Allocation						
Financial Year	Total personnel budget	Total Original Training Budget	Total Amended Training Budget	Total Spend	Variance to Original Budget %	Variance to Amended Budget %
2011/2012	131 526	1 555	1 302	883	57	68
2012/2013	149 023	1 304	1 431	930	71	65
2013/2014	162 830	1 097	994	538	49	54
2014/2015	172 965	1 168	1 168	941	81	81

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

Section 66 of the MSA states that the Accounting Officer of a Municipality must report to the Council on all expenditure incurred by the Municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

4.6 EMPLOYEE EXPENDITURE



Number of Employees whose Salaries Were Increased due to Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	1
Highly skilled production (Levels 6-8)	Female	1
	Male	3
Highly skilled supervision (Levels 9-12)	Female	5
	Male	0
Senior management (Levels 13-17)	Female	0
	Male	1
MM and S 57	Female	0
	Male	0
Total		11

Employees whose Salary Levels Exceed the Grade Determined by Job Evaluation				
Occupation	Number of employees	TASK Job evaluation level	Remuneration level	Reason for deviation
General Worker	2	2	R 77 064	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
General Assistant	1	3	R 81 336	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Handyman Assistant	1	4	R 96 912	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Cashiers	6	5	R 100 656 – R 121 008	Internal equalisation of salaries after amalgamation of other smaller municipalities into Greater Knysna Municipality.
Clerk	1	5	R 114 840	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Field Worker	1	5	R 102 264	Implementation of Task
Meter Readers	4	5	R 104 016 – R 105 672	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Junior Library Assistants	5	5	R99 096 - R105 672	Implementation of Task.
Library Assistants (2x TE7 and 1x TE6)	3	6 + 7	R 100 656 – R 140 328	Internal equalisation of salaries after amalgamation of other smaller municipalities into Greater Knysna Municipality.
Plant Operator	1	6	R 140 352	Implementation of Task.
Secretary	4	6	R 128 760 – R 157 632	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Senior Cashier	1	6	R 169 704	Implementation of Task.
Senior Clerks (13 x TE6 and 1 Speeding Violation TE7)	14	6 + 7	Ranges from R 121 032 – R 169 704	Internal equalisation of salaries after amalgamation of other smaller municipalities into Greater Knysna Municipality, experience and implementation of Task.
Executive Secretary	2	7	R 153 648 – R 201 816	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Junior Fireman	1	7	R 140 328	Implementation of Task.
Principal Clerk	1	7	R 140 352	Implementation of Task.
Senior Supervisor	6	7	R 143 400 – R 169 704	Internal equalisation of salaries after amalgamation of other smaller municipalities into Greater Knysna Municipality, implementation of Task and experience
Supervisors	13	7	Ranges from R 150 072 – R 169 704	Internal equalisation of salaries after amalgamation of other municipalities into Greater Knysna Municipality, implementation of Task.
Chief Clerks	3	8	R 169 704 – R 201 840	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Officers	2	8	R 184 704 – R 201 840	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.

Employees whose Salary Levels Exceed the Grade Determined by Job Evaluation				
Occupation	Number of employees	TASK Job evaluation level	Remuneration level	Reason for deviation
Foreman	1	9	R 201 816	Implementation of Task
Building Inspector	1	10	R 201 840	Implementation of Task.
Electrician	1	10	R 201 816	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Traffic Officer	1	10	R 201 840	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Administration Officer (Building Control TE8 and Licensing TE11)	2	8 + 11	R169 704 - R246 096	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Controllers	2	11	R 246 096	Internal equalisation of salaries after amalgamation of municipalities into Greater Knysna
Project Coordinator	1	11	R 271 704	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
Accountant	1	12	R 300 000	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality.
Building Control Officer	1	12	R 300 000	Implementation of Task.
Compliance Officer	1	12	R 292 464	Redundancy and placement into a new position.
Superintendent	1	12	R 300 000	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.
GIS Technician	1	9	R 199 896	Implementation of Task.
Deputy Manager: Income	1	13	R 331 152	Internal equalisation after amalgamation of other smaller municipalities into Greater Knysna Municipality. Implementation of Task.

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
There are no people employed on posts not approved	-	-	-	-

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Performance of Operational Services						
R '000						
Description	2012/2013	2013/2014			2013/2014 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	26 485	39 204	37 911	23 042	-70.14%	-64.53%
Waste Water (Sanitation)	8 541	18 663	18 949	8 456	-120.71%	-124.09%
					-	-1187.95%
Electricity	12 355	178 816	170 260	13 219	1252.67%	
Waste Management	14 232	20 516	20 586	12 097	-69.60%	-70.18%
Housing	6 542	38 330	38 310	6 346	-503.99%	-503.68%
Component A: sub-total	68 155	295 529	286 016	63 161	-367.90%	-352.84%
Waste Water (Stormwater Drainage)	-	-	-	-	0.00%	0.00%
Roads	5 643	31 773	31 455	5 304	-499.04%	-493.04%
Transport	-	-	-	-	0.00%	0.00%
Component B: sub-total	5 643	31 773	31 455	5 304	-499.04%	-493.04%
Planning	-	10 248	10 034	1 354	-656.90%	-641.09%
Local Economic Development	-	-	-	-	0.00%	0.00%
Component B: sub-total	-	10 248	10 034	1 354	-656.90%	-641.09%
Planning (Strategic & Regulatory)	-	-	-	-	0.00%	0.00%
Local Economic Development	-	-	-	-	0.00%	0.00%
Component C: sub-total	-	-	-	-	0.00%	0.00%
Community & Social Services	4 565	11 212	10 621	4 291	-161.29%	-147.52%
Environmental Protection	5 649	1 381	1 381	4 971	72.22%	72.22%
Health	5 649	3 908	3 908	4 971	21.38%	21.38%
Security and Safety	5 649	24 055	25 090	4 971	-383.93%	-404.75%
Sport and Recreation	5 649	12 824	12 981	4 971	-157.99%	-161.14%
Corporate Policy Offices and Other	-	-	-	-	0.00%	0.00%
Component D: sub-total	27 159	53 380	53 981	24 174	-120.81%	-123.30%
Total Expenditure	100 957	390 930	381 486	93 993	-315.92%	-305.87%

5.1.2 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Performance of Operational Services						
R '000						
Description	2013/2014	2014/2015			2014/2015 Variance	
	Actual Restated	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	41 745	46 432	47 585	47 476	2%	0%
Waste Water (Sanitation)	20 209	20 262	20 526	23 520	14%	13%
Electricity	157 586	178 516	167 692	159 031	-12%	-5%
Waste Management	24 240	25 788	25 758	28 947	11%	11%
Housing	61 238	18 467	30 046	43 614	58%	31%
Component A: sub-total	305 017	289 465	291 607	302 589	4%	4%
Waste Water (Stormwater Drainage)	–	–	–	–	0%	0%
Roads	26 921	29 107	25 546	26 048	-12%	2%
Transport	–	–	–	–	0%	0%
Component B: sub-total	26 921	29 107	25 546	26 048	-12%	2%
Planning	9 481	9 539	8 600	10 402	8%	17%
Local Economic Development	–	–	–	–	0%	0%
Component B: sub-total	9 481	9 539	8 600	10 402	8%	17%
Planning (Strategic & Regulatory)	–	–	–	–	0%	0%
Local Economic Development	–	–	–	–	0%	0%
Component C: sub-total	–	–	–	–	0%	0%
Community & Social Services	11 844	12 986	12 890	14 099	8%	9%
Environmental Protection	1 336	1 037	1 097	1 298	20%	15%
Health	4 538	4 059	4 059	5 555	27%	27%
Security and Safety	65 460	24 877	88 720	90 047	72%	1%
Sport and Recreation	14 005	12 813	12 860	14 883	14%	14%
Corporate Policy Offices and Other	–	–	–	–	0%	0%
Component D: sub-total	97 183	55 772	119 626	125 882	56%	5%
Total Expenditure	438 602	383 883	445 379	464 922	17%	4%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2

5.2.1 GRANTS

R' 000						
Description	2013/2014	2014/2015			2014/2015 Variance	
	Actual Restated	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	43 529	52 523	52 523	51 855	-1%	-1%
Equitable share	35 982	44 808	44 808	44 754	0%	0%
Municipal Systems Improvement	890	934	934	934	0%	0%
Department of Water Affairs	–	–	–	–	0%	0%
Levy replacement	–	–	–	–	0%	0%
MIG, FMG, NDPG, INEP, EPWP	657	781	781	167	-10%	-10%
Provincial Government:	46 275	16 321	33 755	38 313	57%	12%
Health subsidy	–	–	–	–	0%	0%
Housing	44 386	12 881	29 692	33 818	62%	12%
Ambulance subsidy	–	–	–	–	0%	0%
Sports and Recreation	–	–	–	–	0%	0%
Provincial Government Other	1 889	3 440	4 063	4 495	23%	10%
District Municipality:	–	–	–	856	100%	100%
<i>Eden District Municipality</i>	–	–	–	856	100%	100%
	–	–	–	–		0%
Other grant providers:	–	–	–	–	0%	0%
	350	–	–	–	0%	0%
Total Operating Transfers and Grants	89 804	68 844	86 278	91 024		
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.						

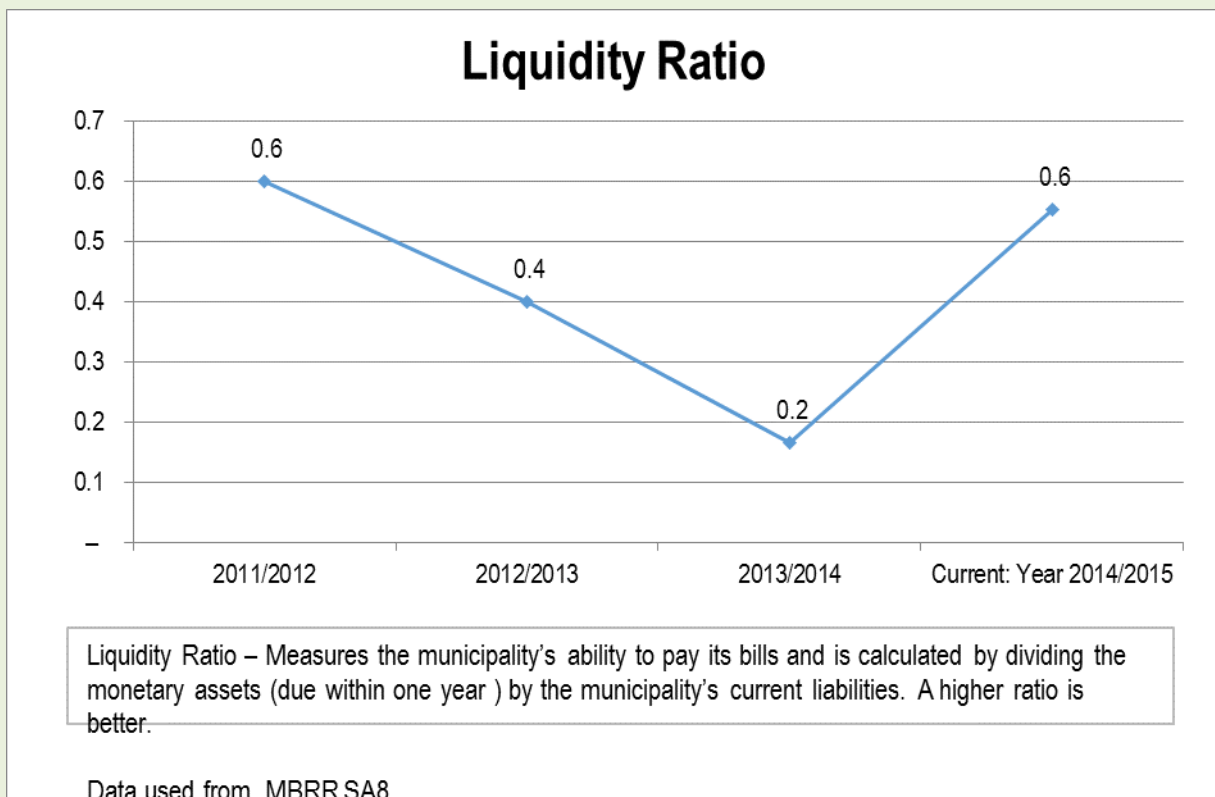
T 5.2.1

5.3 ASSET MANAGEMENT

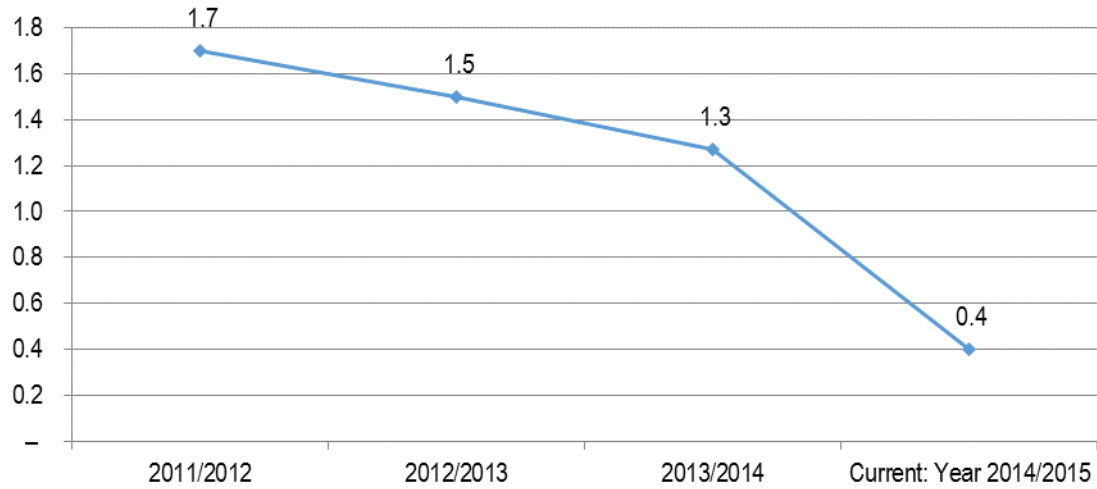
TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2014/2015				
Asset 1				
Name	Knysna Vision 2002 (W-I-P)			
Description	Construction of Informal Areas			
Asset Type	Infrastructure			
Key Staff Involved	Housing Department, Engineers Department, Consultants, Contractors			
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value			12 515 072	9 252 621
Capital Implications	Ongoing Project			
Future Purpose of Asset	Provision of Basic services to informal areas			
Describe Key Issues	Provision of Basic services			
Policies in Place to Manage Asset	Asset Management Policy , SCM Policy			
Asset 2				
Name	Electrical Asset replacements & refurbishments			
Description	Construction of Electrical Infrastructure			
Asset Type	Electricity Infrastructure - Densification			
Key Staff Involved	Electrical Department, Consultants, Contractors			
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value			6 188 037	5 404 122
Capital Implications	Ongoing Project			
Future Purpose of Asset	Provision of Electrical Infrastructure to the Greater Knysna Area			
Describe Key Issues	Infrastructure Services			
Policies in Place to Manage Asset	Asset Management Policy , SCM Policy			
Asset 3				
Name	MIG203385 MPC Smutsville			
Description	Construction of a Multipurpose Centre in Smutsville			
Asset Type	Community Facilities - Multi-purpose Centre			
Key Staff Involved	Community Services, Consultants and Contractors			
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value			1 760 308	4 996 734
Capital Implications	This project was completed during the 2014/15 Financial Year			
Future Purpose of Asset	Providing a multipurpose recreational facility to the community of Smutsville			
Describe Key Issues	Community Infrastructure			
Policies in Place to Manage Asset	Asset Management Policy , SCM Policy			
				T 5.3.2

Repair and Maintenance Expenditure: 2014/2015				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	34 796	35 602	29 207	16%
T 5.3.4				

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Cost Coverage

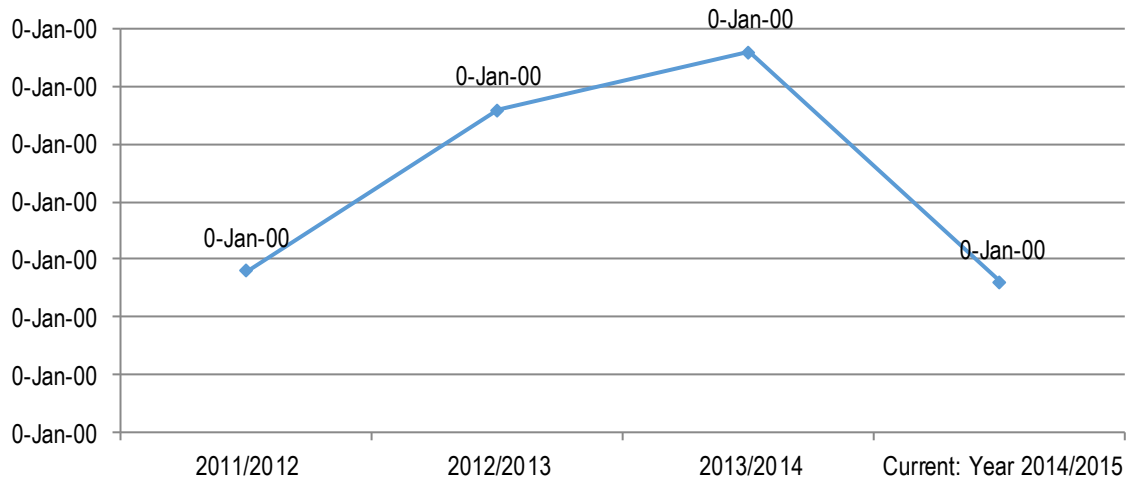


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

iii....

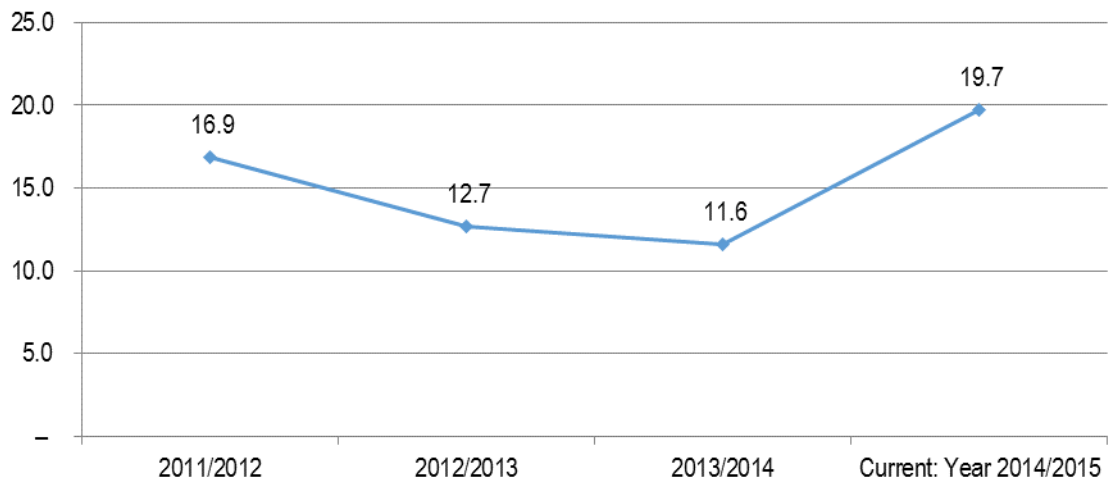
Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

ii.O/S Service...

Debt Coverage

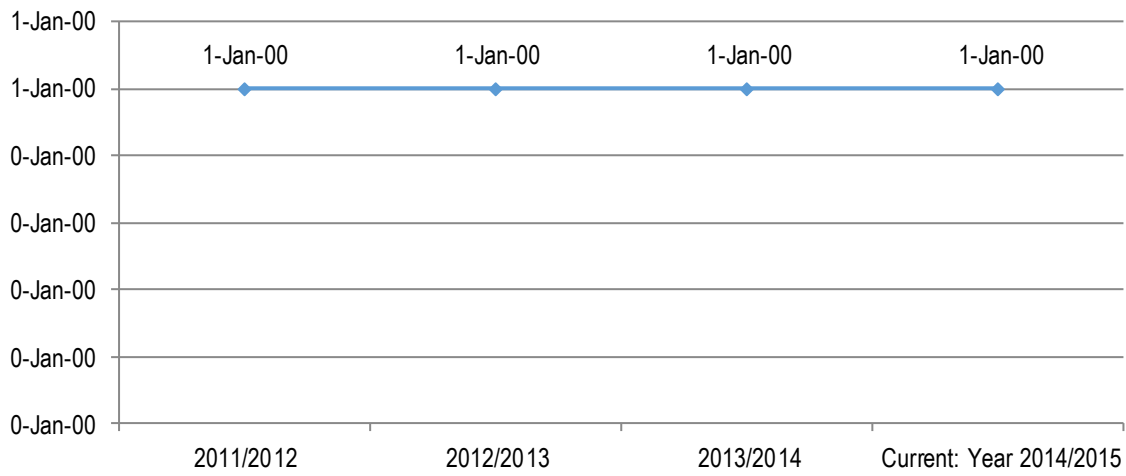


Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

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Data used from MBRR SA8

Creditors System Efficiency

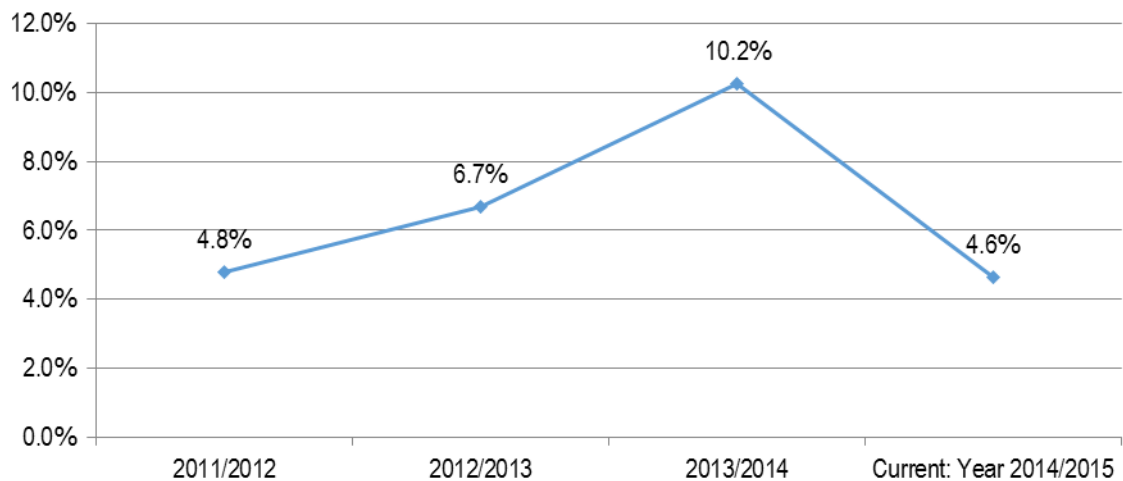


Creditor System Efficiency– The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

—◆— Creditors...

Capital Charges to Operating Expenditure

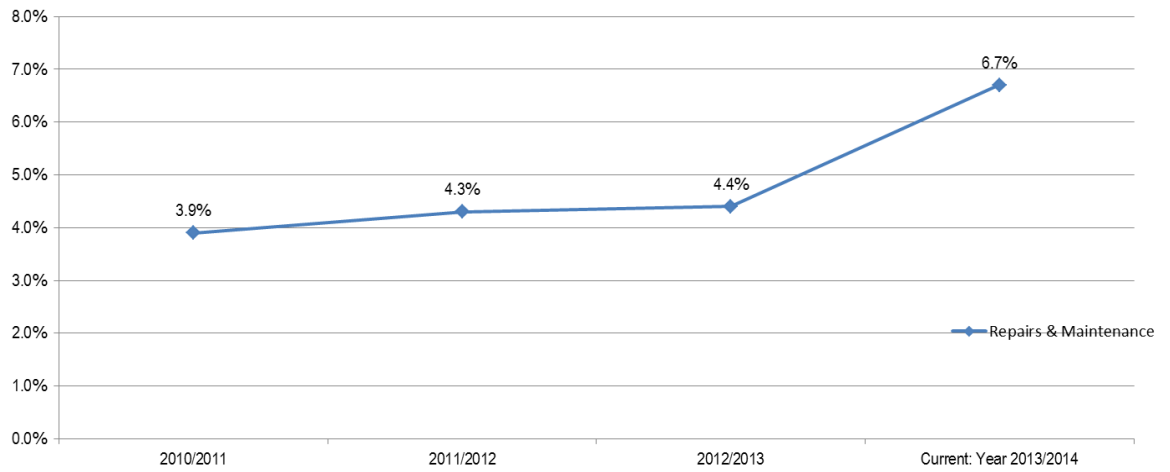


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

—◆— Capital Charges to...

Repairs & Maintenance

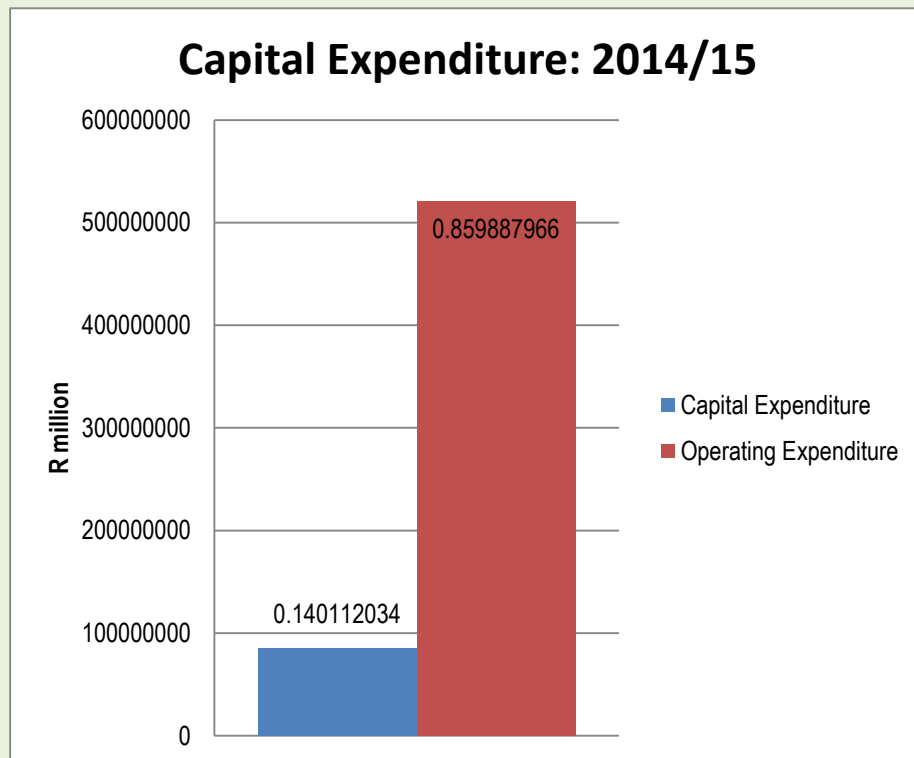


Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE



R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	76	85	85	-11.8%	0.0%
	76	85	85	-11.8%	0.0%
Operating Expenditure	532	521	521	2.1%	0.0%
	532	521	521	2.1%	0.0%
Total expenditure	608	606	606	0.4%	0.0%
Water and sanitation	58	57	57	1.7%	0.0%
Electricity	179	170	170	4.8%	0.0%
Housing	38	38	38	0.1%	0.0%
Roads, Pavements, Bridges and storm water	32	31	31	1.0%	0.0%
Other	226	224	224	0.6%	0.0%
	532	521	521	2.1%	0.0%
External Loans					
Internal contributions					
Grants and subsidies					
Other					
External Loans	134	117	117	12.6%	0.0%
Grants and subsidies					
Investments Redeemed					
Statutory Receipts (including VAT)					
Other Receipts					

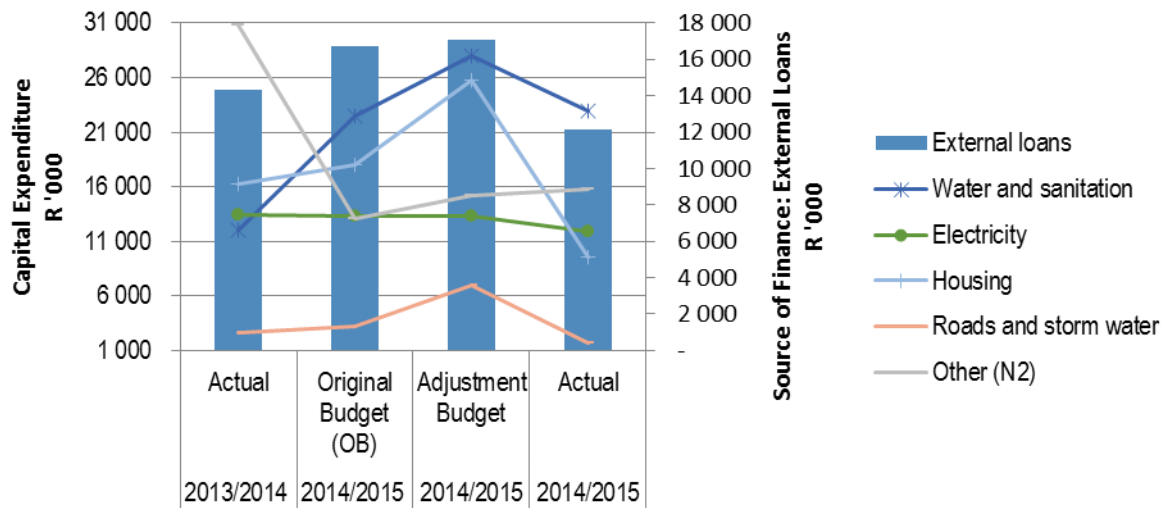
Salaries, wages and allowances	116	109	109	5.8%	0.0%
Cash and creditor payments					
Capital payments					
Investments made					
External loans repaid					
Statutory Payments (including VAT)					
Other payments					
	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates	155	149	149	3.9%	0.0%
Service charges	256	255	255	0.6%	0.0%
Other own revenue	35	34	34	1.4%	0.0%
	446	438	438	1.8%	0.0%
Employee related costs	169	165	165	2.5%	0.0%
Provision for working capital	–	–	–		
Repairs and maintenance	35	29	29	15.2%	0.0%
Bulk purchases	127	127	127	0.0%	0.0%
Other expenditure	202	200	200	0.9%	0.0%
	532	521	521	2.1%	0.0%
Service charges: Electricity	182	181	181	0.8%	0.0%
Grants & subsidies: Electricity	15	15	15	0.0%	0.0%

Other revenue: Electricity	2	2	2	0.0%	0.0%
	200	198	198	25.4%	0.0%
Employee related costs: Electricity	10	10	10	1.7%	0.0%
Provision for working capital: Electricity	–	–	–		
Repairs and maintenance: Electricity	11	6	6	46.8%	0.0%
Bulk purchases: Electricity	127	127	127	0.0%	0.0%
Other expenditure: Electricity	32	27	27	13.5%	0.0%
	179	170	170	5.3%	0.0%
Service charges: Water	45	45	45	0.0%	0.0%
Grants & subsidies: Water	19	19	19	0.0%	0.0%
Other revenue: Water	2	2	2	0.0%	0.0%
	67	67	67	0.0%	0.0%
Employee related costs: Water	12	12	12	5.6%	0.0%
Provision for working capital: Water	–	–	–		
Repairs and maintenance: Water	4	3	3	18.3%	0.0%
Bulk purchases: Water	–	–	–		
Other expenditure: Water	23	23	23	-0.6%	0.0%
	39	38	38	3.3%	0.0%

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year 2013/2014 to Year 2014/2015							
R' 000							
Details		2013/2014	2014/2015	2014/2015	2014/2015	2014/2015	
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	14 318	16 695	17 105	12 152	2.46%	-27.21%
	Public contributions and donations	3 908	-	-	787	0.00%	0.00%
	Grants and subsidies	40 062	39 484	50 667	31 799	28.32%	-19.46%
	Other (N1)	18 976	13 995	21 363	17 050	52.65%	21.83%
Total		77 263	70 174	89 135	61 788	83.43%	-24.85%
Percentage of finance							
	External loans	18.5%	23.8%	19.2%	19.7%	2.9%	109.5%
	Public contributions and donations	5.1%	0.0%	0.0%	1.3%	0.0%	0.0%
	Grants and subsidies	51.9%	56.3%	56.8%	51.5%	33.9%	78.3%
	Other	24.6%	19.9%	24.0%	27.6%	63.1%	-87.9%
Capital expenditure							
	Water and sanitation	12 037	22 514	27 946	22 956	24.13%	1.96%
	Electricity	13 405	13 341	13 341	11 909	0.00%	-10.73%
	Housing	16 209	18 000	25 807	9 594	43.37%	-46.70%
	Roads and storm water	2 662	3 224	6 898	1 610	113.96%	-50.06%
	Other (N2)	30 820	13 095	15 142	15 718	15.63%	20.03%
Total		75 134	70 174	89 134	61 788	197.09%	-85.50%
Percentage of expenditure							
	Water and sanitation	16.0%	32.1%	31.4%	37.2%	12.2%	-2.3%
	Electricity	17.8%	19.0%	15.0%	19.3%	0.0%	12.6%
	Housing	21.6%	25.7%	29.0%	15.5%	22.0%	54.6%
	Roads and storm water	3.5%	4.6%	7.7%	2.6%	57.8%	58.6%
	Other	41.0%	18.7%	17.0%	25.4%	7.9%	-23.4%
N1: Other comprises of the following - Internally generated revenue							

Source of Finance: External Loans and Capital Expenditure

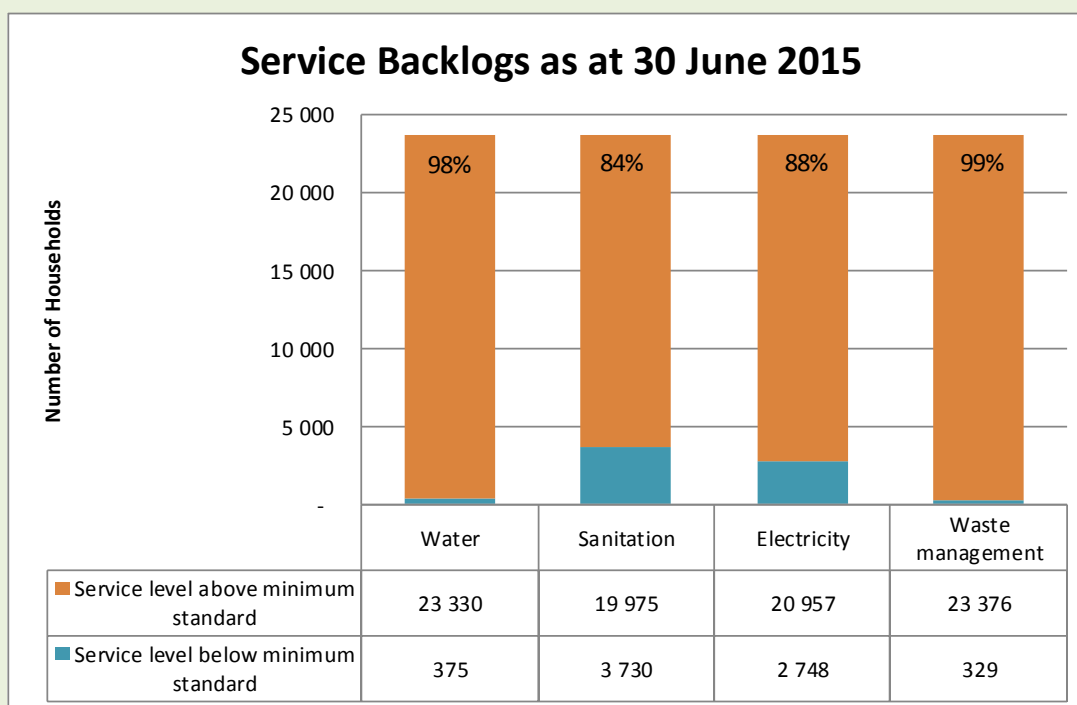


5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: 2014/2015			Variance: 2014/2015	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Knysna Vision 2002	18 000	25 807	9 253	49%	-43%
B - MIG183226 Rheenen New Water Aug	7 259	6 487	6 885	5%	11%
C - Asset replacements & refurbishments	4 500	4 400	5 404	-20%	2%
D - MIG203385 MPC Smutsville	2 101	4 623	4 997	-138%	-120%
E - MIG149009 Ancillary Sedge WTW (Cloud 9 pipeline)	2 969	3 741	3 843	-29%	-26%
* Projects with the highest capital expenditure in Year 0					
Name of Project - A	Knysna Vision 2002				
Objective of Project	Provision of basic services to informal areas				
Delays	N/A				
Future Challenges	Increasing demand for adequate quality housing opportunities				
Anticipated citizen benefits	The provision of quality housing opportunities				
Name of Project - B	MIG183226 Rheenen New Water Aug				
Objective of Project	Upgrade Water Treatment Works Civil, Mechanical and Electrical				
Delays	N/A				
Future Challenges	To maintain all municipal water assets to extend the lifespan of assets – monitor and maintain water supply assets and sewerage water treatments plants within available budget.				
Anticipated citizen benefits	Provision of Basic water services				
Name of Project - C	Asset replacements & refurbishments				
Objective of Project	Provision of Electrical Infrastructure to the Greater Knysna Area				
Delays	N/A				
Future Challenges	The continuous need for additional electrification capacity due to Housing Developments				
Anticipated citizen benefits	Provision of Electrical Infrastructure to the Greater Knysna Area				
Name of Project - D	MIG203385 MPC Smutsville				
Objective of Project	Construction of a Multipurpose Centre in Smutsville				
Delays	Completed Project, Delays N/A				
Future Challenges	Completed Project, Future Challenges N/A				
Anticipated citizen benefits	Providing a multipurpose recreational facility to the community of Smuttsville				
Name of Project - E	MIG149009 Ancillary Sedge WTW (Cloud 9 pipeline)				
Objective of Project	Re-routing of Bulk Water Pipeline in Sedgefield				
Delays	N/A				
Future Challenges	To maintain all municipal water assets to extend the lifespan of assets – monitor and maintain water supply assets and sewerage water treatments plants within available budget				
Anticipated citizen benefits	Provision of Basic water services				
T 5.7.1					

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Service Backlogs as at 30 June 2015				
	*Service level above minimum standard		**Service level below minimum standard	
Services	No. HHs	% HHs	No. HHs	% HHs
Water	23 330	98%	375	2%
Sanitation	19 975	84%	3 730	16%
Electricity	20 957	88%	2 748	12%
Waste management	23 376	99%	329	1%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				T 5.8.2



Municipal Infrastructure Grant (MIG)* Expenditure Year 2014/2015 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ments Budget	
Infrastructure - Road transport	1 754	2 686	1 960	11%	-37%	The standard MIG Grant conditions are applicable. i.e. that the municipality contribute at least 20% of the annual transfer.
Roads, Pavements & Bridges	1 754	1 354	1 304	-35%	-4%	
Storm water	-	1 332	656	100%	-103%	
Infrastructure - Electricity	1 667	1 667	1 578	-6%	-6%	
Generation	-	-	-	0%	0%	
Transmission & Reticulation	-	-	-	0%	0%	
Street Lighting	1 667	1 667	1 578	-6%	-6%	
Infrastructure - Water	12 195	10 863	12 325	1%	12%	
Dams & Reservoirs	264	264	264	0%	0%	
Water purification	8 731	8 731	9 879	12%	12%	
Reticulation	3 200	1 868	2 182	-47%	14%	
Infrastructure - Sanitation	-	200	344	100%	42%	
Reticulation	-	-	-	0%	0%	
Sewerage purification	-	200	344	100%	42%	
Infrastructure - Other	-	-	-	0%	0%	
Waste Management	-	-	-	0%	0%	
Transportation	-	-	-	0%	0%	
Gas	-	-	-	0%	0%	
Other Specify:	3 947	4 147	4 513	13%	8%	
Community Halls	3 947	4 147	4 503	12%	8%	
Libraries	-	-	-	0%	0%	
Computers - hardware / equipment	-	-	9	1	1	
Total	19 563	19 563	20 720	6%	6%	
* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.8.3

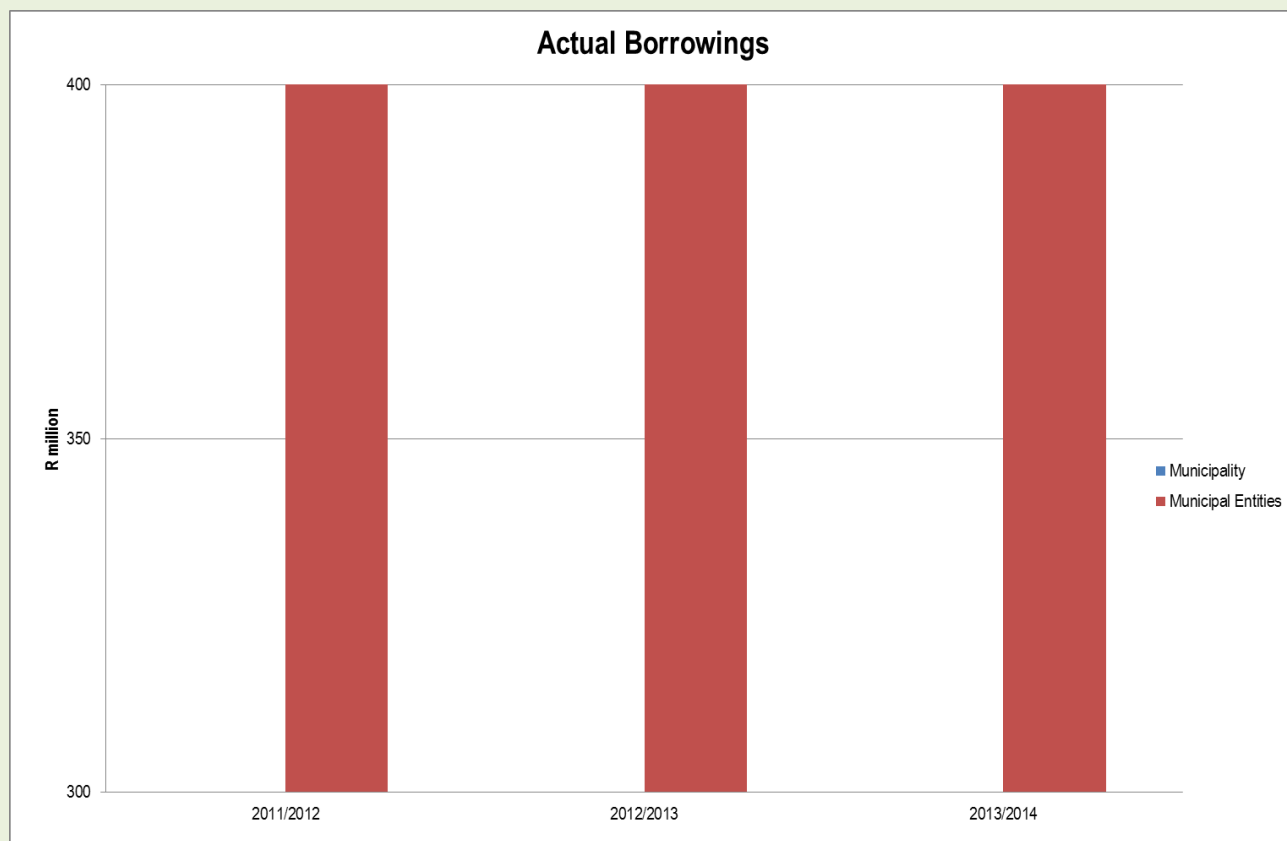
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2013/2014	Current: Year 2014/2015		
	Audited Restated	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	417 330	426 998	431 428	431 383
Government - operating	99 396	68 844	86 278	83 521
Government - capital	39 209	39 484	48 168	42 736
Interest	5 944	5 596	5 596	7 757
Dividends	–	–	–	–
Payments				
Suppliers and employees	(472 349)	(449 059)	(464 500)	(466 161)
Finance charges	(13 430)	(18 500)	(14 500)	(12 531)
Transfers and Grants	(5 001)	(5 514)	(5 464)	(5 373)
NET CASH FROM/(USED) OPERATING ACTIVITIES	71 100	67 849	87 006	81 331
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	329	250	250	17 000
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	–	115	125	–
Decrease (increase) in non-current investments	(2 410)	(1 815)	(1 286)	(2 698)
Payments				
Capital assets	(70 862)	(70 174)	(89 134)	(60 254)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(72 943)	(71 624)	(90 045)	(45 952)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	16 057	17 105	14 157
Increase (decrease) in consumer deposits	354	834	801	401
Payments				
Repayment of borrowing	(27 368)	(16 132)	(18 196)	(6 342)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(27 014)	759	(290)	8 215
NET INCREASE/ (DECREASE) IN CASH HELD	(28 858)	(3 015)	(3 330)	43 595
Cash/cash equivalents at the year begin:	46 161	30 566	17 303	17 303
Cash/cash equivalents at the year end:	17 303	27 551	13 973	60 898
Source: MBRR A7				T 5.9.1

5.9 BORROWING AND INVESTMENTS

Actual Borrowings: Year 2012/2013 to Year 2014/2015			
			R' 000
Instrument	2012/2013	2013/2014	2014/2015
Municipality			
Long-Term Loans (annuity/reducing balance)	143 591	118 821	127 008
Long-Term Loans (non-annuity)			
Local registered stock	3 033	711	711
Instalment Credit			
Financial Leases	583	39	1 201
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	147 207	119 570	128 919
Municipal Entities			
Long-Term Loans (annuity/reducing balance)	143 591	-	-
Long-Term Loans (non-annuity)			
Local registered stock	3 033	-	-
Instalment Credit			
Financial Leases	583	-	-
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	147 207	-	-
T 5.10.2			



Municipal and Entity Investments			
	R' 000		
Investment* type	2011/2012	2012/2013	2013/2014
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	47 222	42 301	21 434
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	47 222	42 301	21 434

Municipal Entities			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	-	-	-
Consolidated total:	47 222	42 301	21 434

5.11 PUBLIC PRIVATE PARTNERSHIPS

Knysna Local Municipality is not involved in any Public Private Partnerships agreement at present.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2011/2012

6.1 AUDITOR GENERAL REPORTS YEAR 2013/2014

Audit Report Status
Clean Audit Outcome: The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation. ⁹²
Auditor-General Report on Financial Performance 2013/2014
Issue raised
<u>Emphasis of matter:</u>
<u>Restatement of corresponding figures</u>
As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of an error discovered during the 2013 – 14 financial year in the financial statements of the Knysna Municipality at, and for the year ended, 30 June 2013.
<u>Emphasis of matter:</u>
<u>Material losses/impairments</u>
As disclosed in note 41.6 to the financial statements, the municipality incurred material electricity distribution losses during the year as follows: 19 992 mega watts (2012-13: 19 993 mega watts), equalling 11 % (2012-13: 11%) of units purchased and amounting to R13 194720 (2012-13: R16 654 660). As disclosed in note 18 to the financial statements the municipality had receivables from exchange transactions totalling R75 713 848 at June 2014 (2012-13: R59 263 889). A provision for impairment of 42.6% (2012-13: 38.2%) to the amount of R32 296 594 (2012-13: R22 683 402) was raised against receivables from exchange transactions. As disclosed in note 19 to the financial statements the municipality had receivables from non- exchange transactions totalling R84 570 502 (2012 -13: R49 001669). A provision for impairment of 64.6% (2012-13: 37.5%) to the amount of R54 680 835 (2012-13: 18 366 226) was raised against receivables from non-exchange transactions.

Auditor-General Report on Service Delivery Performance: Year 2013/2014	
Non-Compliance Issues	Remedial Action Taken
<u>Predetermined objectives</u>	
<u>Material adjustments to the annual performance report</u>	
I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of S01 "To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment" and S805 "To ensure a municipality that is committed to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service Delivery", As management subsequently corrected the misstatements I did not raise any material findings on the usefulness and reliability of the reported performance information.	

⁹² Auditor General

Auditor-General Report on Non-Compliance Issues: Year 2013/2014
<u>Compliance with laws and regulations</u>
I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters,
I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2014/2015

6.2 AUDITOR GENERAL REPORT YEAR 2014/2015

To be completed as part of the Annual Report Process on completion of the Auditor General's Report.

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Exchange transactions	Revenue arising from the following exchange transactions and events: <ul style="list-style-type: none"> • The rendering of services; • The sale of goods, for example the sale of water; and • The use by others of entity assets yielding interest, royalties and dividends or similar distributions, for example interest received on an investment.
Non-exchange transactions	Revenue arising from non-exchange transactions include: <ul style="list-style-type: none"> • Fines, grants, gifts, donations, goods and services in-kind, bequests and concessionary loans; and • Taxes (Rates)
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.

Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery and infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Oversight Report	The oversight report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA requires the council to consider the annual reports of its municipality and municipal entities and to adopt an "oversight report" containing the council's comments on each annual report.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.

Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <ul style="list-style-type: none">a) <i>one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i>b) <i>which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>
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APPENDICES

APPENDIX A – Councillors; Committee Allocation And Council Attendance

Councillors, Committees Allocated and Council Attendance																						
Council Members	Full Time (FT) Part Time (PT)	Committees Allocated	*Ward and/ or Party Represented	Council Meetings July 2014 – June 2015 AWL – Absent with Leave AWOL – Absent without Leave P – Present NC – Not a Councillor															Number of Council Meetings Attended	Percentage Council Meetings Attendance	Number of Apologies for non-attendance (AWL)	Percentage Apologies for non-attendance
				2014							2015											
				07-Jul	31-Jul	25-Sep	02-Oct	30-Oct	27-Nov	04-Dec	29-Jan	26-Feb	06-Mar	19-Mar	26-Mar	07-May	29-May	25-Jun	15			
Barrell, Raymond	PT		PR	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	15	100%	0	N/A
Bouw-Spies, Eleanore	FT	Speaker	PR	P	P	P	P	P	P	P	P	P	P	AWL	P	P	P	P	14		1	
Dawson, Richard Alfred	FT	Governance and Economic Development Committee	Ward 10	P	P	P	P	P	P	P	P	P	P	P	P	P	P	Resigned	14	100%	0	N/A
De Vries, Stephen	PT		PR	P	P	AWL	P	P	P	P	P	P	P	AWOL	P	P	AWL	P	12		2	
Dyantyi, Mthobeli	PT		PR	P	AWOL	P	P	P	P	P	P	P	AWOL	AWOL	P	P	P	P	12		0	
Edge, Esmé Dawn	FT	Finance Committee	PR	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	15	100%	0	N/A
Gombo, Titi Mertle Elizabeth	PT		Ward 7	P	AWOL	P	P	P	P	P	P	P	P	P	P	P	P	P	14		0	
Grootboom, Irene W J	PT		Ward 1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	15	100%	0	N/A
Hart, Louisa Maria	FT	Planning, Development and Infrastructure Committee	Ward 2	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	15	100%	0	N/A
Litoli, Wiseman Nkosinathi	PT		Ward 4	AWOL	P	P	P	P	P	P	P	P	AWL	P	P	P	P	P	13		1	
Lizwani, Migiel	PT		Ward 3	P	P	P	P	P	P	AWOL	P	P	P	P	P	P	P	P	14		0	

Councillors, Committees Allocated and Council Attendance																						
Council Members	Full Time (FT) Part Time (PT)	Committees Allocated	*Ward and/ or Party Represented	Council Meetings July 2014 – June 2015 AWL – Absent with Leave AWOL – Absent without Leave P – Present NC – Not a Councillor														Number of Council Meetings Attended	Percentage Council Meetings Attendance	Number of Apologies for non-attendance (AWL)	Percentage Apologies for non-attendance	
				2014							2015											
				07-Jul	31-Jul	25-Sep	02-Oct	30-Oct	27-Nov	04-Dec	29-Jan	26-Feb	06-Mar	19-Mar	26-Mar	07-May	29-May	25-Jun				15
Nayler (Wakeford-Brown), Theodoris	PT		PR	P	P	P	P	P	AWL	P	P	P	P	AWL	P	P	P	P	13		2	
Nkam, Phumla Priscilla	PT		PR	P	P	P	P	AWL	P	P	P	P	AWL	P	P	P	P	P	13		2	
Jantjies (Sopeki), Ntombizanele	PT		Ward 8	AWOL	P	P	AWOL	AWOL	P	P	P	P	AWL	P	P	P	AWL	P	10		2	
Tyokolo, Beauty	PT		PR	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	15	100%	0	N/A
Van Aswegen, Elrick Ormonde	PT		PR	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	15	100%	0	N/A
Wasserman, Michelle Louise	FT		Ward 9	P	P	P	P	P	P	P	P	P	P	P	P	AWL	P	Resigned	13		1	
Witbooi, Clive Kenneth	PT		Ward 6	P	P	P	P	P	P	P	AWL	AWL	P	P	AWL	P	P	P	12		3	
Wolmarans, Georlene	FT	Mayoral Committee	PR	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	15	100%	0	N/A

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Finance Committee	Revenue, Expenditure, Budget Office, Supply Chain Management, IT and GIS, Valuations, Insurance, Payroll, IDP, Internal Audit
Governance and Economic Development Committee	Institutional, Corporate, Legal, Human Resources, Records, Contracts Management, Property Management, Administration, Council Committee and Council Support, Public Participation, Customer Care, Communications, Economic Development, Tourism, Arts, Culture, Heritage, Risk Management, PMS (operational aspects)
Community Services Committee	Fire and Rescue, Disaster Management, Traffic and Parking, Parks and Recreation, Libraries, Solid Waste, Social Services, Sport Development, Law Enforcement.
Planning Development and Infrastructure Committee	Town Planning and Building Control, Environmental Management, Integrated Human Settlements, Public Works, Water Services, Sewer, Developmental Planning (ECD, Standards and Specs, Contracts) PMU, Stormwater, Roads, Electricity

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager
Municipal Manager	Mr. Grant Easton
Corporate Services	Mr. Bevan Ellman
Financial Services	Vacant
Planning and Development	Mr. Michael Maughan-Brown
Community Services	Mr. Dawid Adonis
Technical Services	Mr. Michael Rhode

APPENDIX D – FUNCTIONS OF MUNICIPALITY

Municipal Function	Municipal Responsibility
Constitution Schedule 4, Part B functions:	
Air pollution	Community Services
Building regulations	Development and Planning
Electricity reticulation	Electro-Technical Services/ Technical Services
	Community Services
Local tourism	Corporate Services
Municipal planning	Development and Planning
Municipal public transport	Technical/Community Services
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Technical Services
Storm water management systems in built-up areas	Technical Services
Trading regulations enforcement	Community Services
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Technical Services
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	Community Services
Billboards and the display of advertisements in public places	Planning and Development
Cemeteries, funeral parlors and crematoria	Community Services
Cleansing	Community Services
Control of public nuisances	Community Services
Local amenities	Community and Technical Services
Local sport facilities	Community Services
Municipal parks and recreation	Community Services
Municipal roads	Technical Services
Noise pollution	Community Services
Public places	Community Services
Refuse removal, refuse dumps and solid waste disposal	Community Services
Street trading	Planning and Development
Street lighting	Electro-Technical Services / Technical services
Traffic and parking	Community Services

APPENDIX E – WARD REPORTING

Ward Number	Name of Ward Councillor and elected Ward committee members		Ward Councillor (WC) / Ward Committee Members (WCM)	Committee established (Yes / No)	Number of quarterly Committee meetings held during the year	Number of quarterly reports submitted to Ward Councillor on time	Number of quarterly public ward meetings held during year
	Surname	Initials					
1	Grootboom	IWJ	WC	Yes	6	6	2
	Jafta	PT	WCM				
	Gawie	R	WCM				
	McGregor	J	WCM				
	De Waal	A	WCM				
	Krwetshe	MD	WCM				
	Thomson	E	WCM				
	Blaauw	BD	WCM				
	Mckay	C	WCM				
	Tooley	AN	WCM				
2	Hart	LM	WC	Yes	11	11	3
	Phillips	RA	WCM				
	Roberts	PJ	WCM				
	Coetzee	MX	WCM				
	Oelf	JV	WCM				
	Meyer	JJ	WCM				
	Viner	J	WCM				
	Hardie	B	WCM				
	Nayler	L	WCM				
	Matabata	JA	WCM				
3	Lizwani	M	WC	Yes	5	5	3
	Ndinayo Kolanisi	R	WCM				
	Skosana	MS	WCM				
	Miles	L	WCM				
	Botman	T	WCM				
	Blaai	ZG	WCM				
	Litoyi	M	WCM				
	Suckling	SC	WCM				
	Blaai	PM	WCM				
	Batyi	K	WCM				
4	Yoyo	NB	WCM	Yes	5	5	2
	Litoli	WN	WC				
	Booi	VJ	WCM				
	Fokanisi	P	WCM				
	Ngqezu	SS	WCM				
	Snyman	MJ	WCM				

Ward Number	Name of Ward Councillor and elected Ward committee members		Ward Councillor (WC) / Ward Committee Members (WCM)	Committee established (Yes / No)	Number of quarterly Committee meetings held during the year	Number of quarterly reports submitted to Ward Councillor on time	Number of quarterly public ward meetings held during year
	Surname	Initials					
	Manina	SA	WCM				
	Mningiswa	T	WCM				
5	Bouw-Spies	E	WC	Yes	6	6	2
	Sonqayi	XJ	WCM				
	Lourens	CH	WCM				
	Pompies	D	WCM				
	Titus	T	WCM				
	Moos	JC	WCM				
	Kiewiets	L	WCM				
	Petersen	J	WCM				
	Mowers	A	WCM				
6	Witbooi	CK	WC	Yes	8	8	4
	Tshazibana	VN	WCM				
	Lamini	FE	WCM				
	Van Rooyen	K	WCM				
	Alkaster	E	WCM				
	Blouw	AC	WCM				
	Teblanche	SP	WCM				
	Vani	AI	WCM				
	Louw	NG	WCM				
7	Gombo	TME	WC	Yes	5	5	2
	Mbombo	L	WCM				
	Campbell	G	WCM				
	George	LC	WCM				
	Wongama	NM	WCM				
	Sindile	KL	WCM				
	Xungu	FR	WCM				
	Gungubele	NV	WCM				
	Ncapayi	N	WCM				
8	Sopeki	N	WC	Yes	5	5	2
	August	EM	WCM				
	Moos	MR	WCM				
	Mnonopi	PP	WCM				
	Yalezo	N	WCM				
	Matika	TC	WCM				
	Mfanekiso	Z	WCM				
9	Willemse	M	WC	Yes	4	4	2
	Maskew	FJ	WCM				
	Charlson	BJ	WCM				
	Thorpe	RJ	WCM				

Ward Number	Name of Ward Councillor and elected Ward committee members		Ward Councillor (WC) / Ward Committee Members (WCM)	Committee established (Yes / No)	Number of quarterly Committee meetings held during the year	Number of quarterly reports submitted to Ward Councillor on time	Number of quarterly public ward meetings held during year
	Surname	Initials					
	Stanford	JA	WCM				
	Stuurman	RP	WCM				
	Barnard	H	WCM				
	Gould	C	WCM				
10	Myers	P	WC	Yes	4	4	2
	Greyling	MD	WCM				
	Nurse	D	WCM				
	Finn	A	WCM				
	Lang	CMF	WCM				
	Hollely	CD	WCM				

APPENDIX F – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR

APPENDIX F – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2014/2015

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2015
1	Minutes of Ordinary Audit Committee Meeting held on 27 August 2014(1/2014-15)	4	CONSIDERATION OF THE ANNUAL FINANCIAL STATEMENT (AFS)	None	The CFO presented the AFS and answered questions posed by the members.	
2	Minutes of Ordinary Audit Committee Meeting held on 3 September 2014 (2/2014-15)	4	PRESENTATION OF AUDIT PLAN	The Audit Plan was presented by the appointed Auditors on behalf of the Auditors – General.	That the Audit Plan be noted.	
3	Minutes of Ordinary Audit Committee Meeting held on 25 November 2014 (5/2014-15)	4	AUDIT REPORT – 2013/14: DISCUSSION WITH AUDITOR – GENERAL (AG)		That it be noted that Knysna Municipality has a clean Audit report and that the performance system has improved; That it be noted that the Municipal Manager congratulated the Knysna Municipal Council, the Director : Financial Services, his team and Mr Walter McCartney on their hard work; That it be noted that the Auditor-General Representatives also congratulated the Knysna Municipality and its whole team on the Audit results.	Completed
4	Minutes of Ordinary Audit Committee Meeting held on 8 December 2014 (6/2014-15)	4	AUDIT COMMITTEE ACTIVITY REPORT : 1 JANUARY – JUNE 2014		That the Audit Committee Activity Report be accepted and forwarded to Council.	
5		5.	AUDIT OUTCOMES 2013/2014 FINANCIAL YEAR		That the “Clean” Audit findings as issued by the Auditor General for the 2013/2014 financial year, be noted. That it be noted that Mr. J Stoffels congratulated the Knysna Municipality for the “clean” audit financial report. That the report of the Audit Outcomes 2013/2014 Fi	

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2015
6		6	INTERNAL AUDIT – PERFORMANCE MANAGEMENT: 4TH QUARTER REVIEW OF 2014	Ms A Badenhorst took the Committee through the Performance Management Report.	That the report by Ms A Badenhorst with regard to the Internal Audit – Performance Management: 4 th Quarter Review of 2014, be noted.	Completed
7		7	PERFORMANCE EVALUATION OF AUDIT COMMITTEE		That it be noted that the Performance Evaluation of the Audit Committee will take place after the Audit Committee meeting held on 8 December 2014.	Completed
8	Minutes of Ordinary Audit Committee Meeting held on 29 January 2015(6/2014 -15)	4	MINUTES OF THE PREVIOUS MEETINGS: 8 DECEMBER 2014	.	<p>That the minutes of the Audit Committee meeting 6/2014/15 held on 8 December 2014 be approved with the following amendments:</p> <p>That point 3 be amended to read as follows: “The Audit Committee members declare that they did not have any interest in any matters on the Agenda”;</p> <p>That the word Clean in point 5 recommendation [a] be in quotation marks to read “Clean”</p> <p>That the word clean in point 5 recommendation [b] be in quotation marks to read “clean”</p>	Completed
9		5	MATTERS ARISING FROM MINUTES:	None		
10		6	STANDING ITEMS: FINANCIAL MATTERS		<p>[a] That the Monthly Financial Statement in terms of the MFMA for the period ending 31 December 2014 , be noted;</p> <p>[b] That a report be submitted to a following meeting regarding an alternative manner to report on the variances in a more simplistic manner.</p>	Completed
11		6.2.1	INTERNAL AUDIT MATTERS	None	<p>That the Internal Audit Report for December 2014 by Moore and Stephens dated 29 January 2015, be noted;</p> <p>That the appreciation of the Committee be recorded regarding the services of Moore and Stephens as Internal Auditors.</p>	Completed
12		6.2.2	INTERNAL AUDIT QUARTERLY REPORT	None		
13		6.2.3	EXTERNAL AUDIT	None		
14		6.2.4	OPERATION CLEAN AUDIT REPORT	No report in the Agenda although it was reported that the OPCAR is regularly submitted to the Municipal Council, MPAC and Western Cape Province		

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2015
15		6.2.5	AUDITOR-GENERAL REPORT : CONFLICT OF INTEREST - AUDITEE	None	That the report of the Auditor-General regarding the conflict of Interest- Auditee, be noted.	Completed
16		6.2.6	RISK BASED AUDIT PLAN	None	[a] That a Risk based Audit Plan be submitted by Ernst & Young for the remaining portion of the 2014/15 financial years; [b] That it be noted that Supply Chain Management and Housing Administration are the current focus areas of the Audit Plan; [c] That members Hennessy and Roux be provided with the current Audit Plan.the Housing report in Section 2.2.	Completed
17		6.3.1	PERFORMANCE MATTERS	Performance Evaluation: Audit Committee and Individual Audit Committee Members	[a] That the report on the Audit Committee and Individual Audit Committee members performance evaluations, be noted; [b] That a report be submitted to a following meeting regarding access of members to the Shared (U)Drive .	Completed
18		6.3.2	PERFORMANCE EVALUATION: INTERNAL AUDITOR	No report.		
19		6.4	RISK MANAGEMENT MATTERS	Noted		
20		6.5	IT MATTERS	None	That the IT Steering Committee Minutes of the meeting held on 09 December 2014; be noted.	Completed
21		7.1	NEW MATTERS: Affidavit of Margaretha Susan Campbell	None	That the item regarding the Affidavit of Margaretha Susan Campbell be deferred to a following meeting.	Completed
22		7.2	Records Management Audit Report	None	That the report on the Records Management Audit Report be noted; That the Records Management Audit Report dated 28 November 2014 of the Head: Western Cape Archives and Records Service, be noted; That the report mentioned in [b] above be submitted to the Municipal Council; That the Records Section be congratulated on the "clean"audit report as mentioned in [b] above	Completed
23		7.3	New Matters: Report of the Audit Committee on the Annual Financial Statement for 2013/2014 and response to the Report of the Auditor-General	None	That the report of the Audit Committee on the Annual Financial Statement for 2013/2014 and response to the Report of the Auditor-General on same, be noted.	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2015
24		7.4	New Matters: Division of Portfolios of members	None	<p>[a] That the Municipal Council, Mayoral and Portfolio Committee meetings be attended as follows:</p> <p>Planning and Development Committee meetings: Mr. J Roux Community Services Committee meetings: Ms. V Gungubele Finance Committee meetings: Mr. M Hennessy Governance and Economic Development Committee meetings: Mr. M Hennessy Risk Management Committee meetings: Mr. J Stoffels Mayoral Committee meetings: Mr. N Metterkamp Municipal Council Meetings: Mr. N Metterkamp</p> <p>[b] That all the minutes of the Portfolio Committees, Mayoral Committee and Municipal Council be sent to all members of the Audit Committee</p>	Completed
25	Minutes of Ordinary Audit Committee Meeting held on 17 February 2015(7/2014-15)	4.	MINUTES OF THE PREVIOUS MEETINGS: 8 DECEMBER 2014	None	<p>That the minutes of the Audit Committee meeting 6/2014/15 held on 29 January 2015 be approved with the following amendments:</p> <p>That in item 3 the word "DECLARE" be replaced with the word "DECLARATION" in the heading of the item;</p> <p>That in item 4.1 the sentence be amended to read as follows :</p> <p>"The Audit Committee members declare that they did not have any beneficial interest in any matters on the Agenda.";</p> <p>That in item 6.2.1[b] the word "and" after "Moore", be deleted;</p> <p>That in item 7.1 the word "following" in the second line be replaced with the word "subsequent";</p> <p>That in item 7.4[a] "Hennessy" be moved in alignment with the rest of the text in the same line.</p>	Completed
26		5.	MATTERS ARISING FROM THE MINUTES	None		

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2015
27		6.1.1	STANDING ITEMS: FINANCIAL MATTERS FINANCIAL REPORT : MONTHLY BUDGET STATEMENT : JANUARY 2015	None	<p>That the Monthly Financial Statement in terms of the MFMA for the period ending 31 January 2015, be noted;</p> <p>That the Acting Director : Financial Services submit a report with regard to the status of the current debtors as well as the projected debtors for the 2014/2015 financial year to the next Audit Committee meeting to be held on 17 March 2015;</p> <p>That the Acting Director : Financial Services [Budget Office] submit a report on the Adjustments Budget to the next meeting of the Audit Committee to be held on 17 March 2015;</p> <p>That the monthly budget statement be submitted in landscape format and that tables be set out more clearly;</p> <p>That the Yield Column under Schedule C5 be populated in future.</p>	Completed
28		6.2.1	AUDIT MATTERS: Internal Audit	Ms Marlé Jacobs and Mr Morné Potgieter of Ernst & Young verbally reported on the current activities of the Internal Auditors and advised the committee that a Draft Audit Plan will be submitted to the next Audit Committee meeting and that fieldwork on the various matters will be finalised and reported on by the end of March 2015.	<p>That the Draft Internal Audit Plan be submitted to the next Audit Committee meeting to be held on 17 March 2015;</p> <p>That the Manager : Performance, Internal Audit and Risk Management shall liaise with Ernst and Young regarding the timing of the performance review of them as Internal Auditor Service Provider;</p> <p>That Ernst and Young will also schedule a review of the Internal Audit and Audit Committee Charters</p>	Completed
29		6.2.2	INTERNAL AUDIT Quarterly Report	No report was received at time of compilation of the agenda.	NOTED	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2015
30		6.2.3	EXTERNAL AUDIT	No report was received at time of compilation of the agenda. The Chairman reported that the representatives from the Auditor General's office will meet with MPAC on Tuesday, 24 February 2015 and requested the Director: Corporate Services whether the Audit Committee may also meet with the representatives while they are at the Municipality. The Director: Corporate Services advised the committee that he will liaise with the Auditor General's office and revert back to the committee.	That the Director : Corporate Services liaise with the Auditor General's office with regard to a possible meeting between themselves, the Audit Committee and Internal Audit on 24 February 2015 and revert back to the Audit Committee as soon as possible	Completed
31		6.2.4	OPERATION CLEAN AUDIT REPORT	None	That it be noted that the OPCAR report will be submitted to the next Audit Committee Meeting to be held on 17 March 2015.	Completed
32		6.2.5	UPDATED RISK PLAN	No report was received at time of compilation of the agenda.		
33		6.2.6	RISK BASED AUDIT PLAN		That the verbal report by Ms Z Gutas, Officer Performance and Risk, with regard to the Risk Audit Plan, be noted.	Completed
34		6.3.1	PERFORMANCE MATTERS: Performance Evaluation: Audit Committee and Individual Audit Committee Members		That the report on the Audit Committee and Individual Audit Committee members performance evaluations, be submitted to the Audit Committee meeting to be held in July 2015.	Completed
35		6.3.2	REPORT OF THE CHAIRMAN TO THE KNYSNA AUDIT COMMITTEE ON THE PERFORMANCE OF THE MUNICIPAL MANAGER AND SECTION 57 MANAGERS FOR THE SECOND PART OF 2013/2014		That the report of the Chairman to the Knysna Audit Committee on the Performance of the Municipal Manager and Section 57 Managers for the Second Part of 2013/2014, be noted.	Completed
36		6.3.3	ACCESS OF MEMBERS TO THE SHARED DRIVE		That the Director: Corporate Services investigate options and report at the next Audit Committee meeting to be held on 17 March 2015.	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2015
37		6.4	RISK MANAGEMENT MATTERS: Risk Committee Minutes		That it be noted that no meetings of the Risk Committee were held; That the Director : Corporate Services submit a report on all Litigation matters and the costs involved to the next Audit Committee Meeting to be held on 17 March 2015.	Completed
38		6.5	IT MATTERS		That the IT Steering Committee Minutes of the meeting held on 5 February 2015, be noted.	Completed
39		7.1	NEW ITEMS	The Chairman recused himself from the meeting for the discussion of item 7.1 and requested Mr J Stoffels to act as Chairman in his absence. The Mr Stoffels took the chair and requested that all the invitees also leave the meeting. Whereafter the Audit Committee members continued their discussion of item 7.1. 7.1 Affidavit of Margaretha Susan Campbell	That the four members of the Audit Committee namely, Messrs Stoffels, Hennessy, Roux and Ms Gungubele take note of the contents of the correspondence of Ms Margaretha Susan Campbell.	Completed
40		7.2	REPORT OF ALL THE AUDIT COMMITTEE MINUTES SUBMITTED TO COUNCIL		That the Director: Corporate Services ensure that all minutes and reports of the Audit Committee meetings held during 2014/2015 be submitted to Council.	Completed
41		7.3	KNYSNA MUNICIPALITY AUDIT COMMITTEE ACTIVITY REPORT FOR THE PERIOD 1 JULY TO 31 DECEMBER 2014		That the Audit Committee note the contents of the Knysna Municipality Audit Committee Activity Report for the period 1 July to 31 December 2014; That the Director : Corporate Services submit the Knysna Municipality Audit Committee Activity Report for the period 1 July to 31 December 2014, to Council for consideration.	Completed
42		7.4	PERFORMANCE REPORT		That it be noted that the matter with regard to the Performance Report was dealt with and finalised at the Audit Committee meeting held in January 2015.	Completed
43		8.1	ITEM : "GENERAL" ON FUTURE AUDIT COMMITTEE AGENDAS		That in future the item "GENERAL" remain a standing item on the agenda of the Audit Committee meetings.	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2015
44		8.2	TRAINING FOR AUDIT COMMITTEE MEMBERS		That the Manager : Performance Risk and Internal Audit investigate training options for Audit Committee members and report thereon at the next meeting of the Audit Committee to be held on 17 March 2015.	Completed
45		8.3	ATTENDANCE OF AN AUDIT COMMITTEE MEMBER AT MEETINGS OF THE BID ADJUDICATION COMMITTEE	None	That the attendance of an Audit Committee member at meetings of the Bid Adjudication Committee be investigated and a report in that regard be submitted to the next meeting of the Audit Committee.	Completed
46	Ordinary audit Committee Meeting held on 17 March 2015(8/2014-15)	4	MINUTES OF THE PREVIOUS MEETINGS: 17 FEBRUARY 2015	None	That the minutes of the Audit Committee meeting 7/2014/15 held on 17 February 2015 be approved.	Completed
47		5	MATTERS ARISING FROM THE MINUTES	Mr Hennessy referred to item 6.1.1 and enquired why the report requested was not submitted to the committee. The Manager: Budget Office advised that the Acting Municipal Manager and the Acting Chief Financial Officer has had a discussion with regard thereto and that she will follow-up and report on the matter at the next Audit Committee meeting.	Noted	Completed
48		6.1.1	STANDING ITEMS: FINANCIAL MATTERS - FINANCIAL REPORT : MONTHLY BUDGET STATEMENT : FEBRUARY 2015	None	That it be noted that the monthly budget statement was completed on 13 March 2015, but the Acting Municipal Manager recommended that the report be submitted to the Audit Committee after it has been tabled to the Section 80 committee meeting; That it be noted that the Chairman requested that it be recorded that he is not in agreement that the monthly budget statement first be submitted to the Section 80 committee and then tabled at the Audit Committee.	Completed
49		6.2.1	AUDIT MATTERS: Internal Audit	Also refer to item 7.2 .	That the approval of the Internal Audit Plan and verbal report by Mr W McCartney, be noted	Completed
50		6.2.2	INTERNAL AUDIT QUARTERLY REPORT	Refer item 7.2		
51		6.2.3	EXTERNAL AUDIT	No report received at time of compilation of the agenda.		

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2015
52		6.2.4	OPERATION CLEAN AUDIT REPORT	None	That the Operation Clean Audit Report as at 27 February 2015 – 2013/2014, circulated at the meeting of the Audit Committee Meeting held on 17 March 2015, be noted.	
53		6.3.1	PERFORMANCE MATTERS: ACCES OF MEMBERS TO THE Shared(U) Drive		That the verbal report by the Manager: PIARM with regard to access to a "dropbox" option, be noted.	Completed
54		6.4.1	RISK MANAGEMENT MATTERS: Risk Committee Minutes		That it be noted that no Risk Committee meetings were held during the period 17 February 2015 and 17 March 2015.	Completed
55		6.4.2	LITIGATION REPORT		That the monthly report for 20 January 2015 – 18 February 2015 received from the Director: Corporate Services [Legal Services] be noted.	Completed
56		6.5	IT MATTERS: IT Steering Committee Meeting Minutes:		That it be noted that the next IT Steering Committee meeting has been scheduled for 24 March 2015.	Completed
57		7.1	NEW ITEMS: Dashboard Report - Drivers of Internal Control to Achieve Clean Administration		That the Audit Committee be informed of visits by the Internal Auditor and Auditor-General prior to their arrival.	Completed
58		7.2	Internal Audit Status of Work 17 March 2015		That the report with regard to the Internal Audit Status of Work – 17 March 2015 received from Ernst and Young, be noted.	
59		7.3	FINAL MANAGEMENT REPORT KNYSNA MUNICIPALITY 30 JUNE 2014		That the matter with regard to the non-collection of Traffic fines be investigated; That the Director: Corporate Services, Mr Ellman liaise with the Director Community Services with regards with traffic fines and submit a report to the Audit Committee at its next meeting.	
60	Ordinary audit Committee Meeting held on 26 May 2015(9/2014 -15)	4	MINUTES OF THE PREVIOUS MEETINGS: 17 FEBRUARY 2015		That the minutes of the Audit Committee meeting 8/2014/15 held on 17 March 2015 be approved.	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2015
61		5	MATTERS ARISING FROM THE MINUTES	Mr Roux referred to item 7.3 and enquired why the report requested was not submitted to the committee. The Chairman advised that the Administration should follow-up the matter with regard to the report on traffic fines with the Director Corporate Services.		
62		6.1.1	STANDING ITEMS: FINANCIAL MATTERS - FINANCIAL REPORT : MONTHLY BUDGET STATEMENT : MARCH 2015		That the Monthly Budget Statement and supporting documentation for March 2015, be noted That a report on Capital Expenditure be submitted to the next Audit Committee meeting; That it be noted that Mr Stoffels is not pleased with the way the report has been presented to the committee and that the responsible Manager, in future, be present to answer questions; That the Director : Technical Services be invited to attend the next Audit Committee meeting to explain items on page 41 i.e Expenditure on Repairs and Maintenance; That a report to clarify the Debtors Age Analysis on page 28 of the Budget Statement be submitted to the next Audit Committee Meeting.	
63		6.2.1	AUDIT MATTERS: External Audit		That a special meeting be held to introduce the new appointed External Auditor.	Completed
64		6.2.2	INTERNAL AUDIT : STATUS OF WORK AND EXECUTIVE SUMMARIES OF INTERNAL AUDIT REPORTS 26 MAY 2015		That the report of Ernst and Young regarding the progress made in respect to audits undertaken, dated 26 May 2015, be noted.	
65		6.2.3	EXTERNAL AUDIT CHARTER 2014/2015 AND AUDIT COMMITTEE CHARTER		That it be noted that a Special Audit Committee be arranged by the Manager : Performance, Internal Audit and Risk Management to discuss the Internal Audit Plan 2014/2015 and Audit Committee Charter.	

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2015
66		6.2.4	OPERATION CLEAN AUDIT REPORT		That the progress made in respect of Communication of Audit Finding (ComAF's) raised by the Auditor General for the 2013/2014 audit be noted as reflected in the OPCAR as at 19 May 2015; That management update the omitted information to the online system.	Completed
67		6.3.1	PERFORMANCE MATTERS: ACCES OF MEMBERS TO THE Shared(U) Drive	None	That the verbal report by the Manager: Information Technology (Ms V Bridge) with regard to access to a "dropbox" option that will be implemented end of June 2015, be noted.	Completed
68		6.4.1	RISK MANAGEMENT MATTERS: Risk Committee Minutes		That the minutes of the Risk Committee meeting held on 13 April 2015 be approved; That if Mr Stoffels is not available to attend the Risk Committee meetings that Mr Joux be delegated to attend on behalf of the Audit Committee.	Completed
69		6.4.2	LITIGATION REPORT		That the monthly report for Legal Services for 18 March 2015 - 18 April 2015 received from the Director: Corporate Services [Legal Services] be noted. "	Completed
70		6.5.1	IT MATTERS: IT Steering Committee Meeting Minutes:		That the minutes of the IT Steering Committee meeting held on 24 March 2015, be approved.	Completed
71		7.1	NEW ITEMS Municipal Corporate Governance of ICT Policy		That the Municipal Corporate Governance of ICT Policy, be noted	
72		7.2	RECORDS MANAGEMENT POLICY FINAL APPROVAL	None	That the report on the approved Records Management Policy, be noted; That it be noted that the Records Management Policy for Knysna Local Municipality was approved for implementation by the Western Cape Archives and Records Services on 2 April 2015	Completed
73		7.3	QUALITY ASSURANCE AND IMPROVEMENT PROGRAM (QAIP)	None	That the Quality Assurance and Improvement Program (QAIP) be approved	Completed
74		7.4	ICT QUESTIONS AND ANSWERS FOR THE AUDIT COMMITTEE	None	That the answers provided in the report, be noted.	Completed

Nr	Date of Meeting	Item nr	Item	Comment/s	Resolution	Status as at 30 June 2015
75		7.5	REPORTS FROM THE CHAIRPERSON		That the report of the Chairman of his attendance of the meetings of the Finance Committee and Governance Committee, be noted.	Completed

AUDIT COMMITTEE MEMBERS

Surname	Initials	Position	Member Since
Metelerkamp	JRN	Chairperson	01 March 2007
Stoffels	J	Member	01 October 2012
Gungubele	NV	Member	01 October 2012
Bouw-Spies	ERJ	Member (Resigned)	02 July 2014
Roux	JG	Member	02 December 2014
Hennessey	MF	Member	02 December 2014



APPENDIX G: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX G(i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
						R' 000
Vote Description	2013/2014	Current: Year 2014/2015			Year 2014/2015 Variance	
	Actual Restated	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Executive and Council	8 845	6 414	6 414	24 403	74%	74%
Corporate	3 172	3 345	3 804	5 344	37%	29%
Finance	157 171	170 373	171 391	174 514	2%	2%
Planning	61 455	34 315	58 933	45 177	24%	(30%)
Community	89 208	55 685	118 872	127 055	56%	6%
Electricity	200 293	211 020	206 020	204 072	(3%)	(1%)
Technical	88 581	95 097	103 195	103 281	8%	0%
Total Revenue by Vote	608 725	576 249	668 629	683 846	19%	2%
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						T K.1

APPENDIX G(ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	2013/2014	2014/2015			2014/2015 Variance	
	Actual Restated	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	143 966	159 457	159 457	155 654	-2%	-2%
Property rates - penalties & collection charges	3 065	2 804	2 804	3 207	13%	13%
Service Charges - electricity revenue	181 657	193 213	188 213	187 010	-3%	-1%
Service Charges - water revenue	44 044	48 904	48 904	52 341	7%	7%
Service Charges - sanitation revenue	10 790	11 469	11 469	11 817	3%	3%
Service Charges - refuse revenue	14 035	15 352	15 352	15 030	-2%	-2%
Service Charges - other	2 012	3 648	3 648	2 493	-46%	-46%
Rentals of facilities and equipment	4 138	5 030	5 030	6 450	22%	22%
Interest earned - external investments	5 944	2 346	2 346	7 757	70%	70%
Interest earned - outstanding debtors	3 617	3 250	3 250	4 631	30%	30%
Dividends received	-	-	-	-	0%	0%
Fines	49 910	15 111	78 111	85 683	82%	9%
Licences and permits	1 643	1 998	1 998	1 642	-22%	-22%
Agency services	2 161	1 800	1 800	2 431	26%	26%
Transfers recognised - operational	96 160	68 844	91 990	91 024	24%	-1%
Other revenue	45 256	3 291	3 341	46 678	93%	93%
Gains on disposal of PPE	327	250	250	10 000	98%	98%
Environmental Protection	-	-	-	-	0%	0%
Total Revenue (excluding capital transfers and contributions)	608 725	536 767	617 963	683 847	22%	10%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4						T K.2

APPENDIX H – CAPITAL PROGRAMME BY PROJECT YEAR 2014/2015

Capital Programme by Project: Year 2014/2015					
					R' 000
Capital Project	Original Budget (OB)	Adjustment Budget (AB)	Actual (A)	Variance (A - AB) %	Variance (A - OB) %
				Over / (Under) Spent	
Water	18 794 000	19 423 000	18 081 406	-7%	-4%
MIG149009 Ancillary Sedge WTW (Cloud 9 pipeline)	2 969 000	5 488 790	4 546 580	-21%	35%
MIG183226 Rheenens New Water Aug	7 259 000	6 487 210	6 884 843	6%	-5%
MIG196403 Knysna River Dam	264 000	264 000	263 998	0%	0%
MIG196405 Charlesford P/Scheme	2 782 000	2 782 000	2 776 365	0%	0%
Refurb at Knysna WTW	970 000	970 000	734 194	-32%	-32%
MIG203923 N & NE Bulk Water Phase III	3 400 000	2 068 000	2 203 578	6%	-54%
Water ret:Repl & Refurbishment(Ln)	830 000	830 000	620 148	-34%	-34%
Vehicle replacement	220 000	220 000	-	-	-
Total of Sundry Projects	100 000	313 000	51 700	-505%	-93%
Sanitation/Sewerage	2 720 000	7 576 000	4 140 577	-83%	34%
MIG178845(Ln) Ext Knysna WWTW	400 000	400 000	-	-	-
MIG221579:Rehab Sedgf WWTW	-	-	175 439	100%	100%
MIG221955 Upgr CBD Sewer	-	4 866 000	2 541 000	-91%	100%
Upgr Old Place Sewer p/station	500 000	-	-	-	-
Upgr Telemetry System	250 000	250 000	249 815	0%	0%
Upgr U/Milkwood S/Pump station	300 000	-	-	-	-
Upgr Sewer p/station Waterfront robot	100 000	-	-	-	-
Upgr Knysna Quays Pumpstation	100 000	260 000	224 934	-16%	56%
Biodiscs: Belvidere WWTW	-	500 000	428 744	-17%	100%

Biodiscs: Karatara WWTW	-	400 000	364 609	-10%	100%
Upgr Hornlee sanitation/toilets	500 000	500 000	-	-	-
The Island-Est ablution facilities	200 000	30 000	25 070	-20%	-698%
Vehicle replacement	220 000	220 000	-	-	-
Total of Sundry Projects	150 000	150 000	130 965	-15%	-15%
Electricity	13 391 000	13 391 000	11 937 729	-12%	-12%
Asset replacements & refurbishments	4 500 000	4 400 000	5 404 122	19%	17%
MIG207642 N&NE Str Lights	1 667 000	1 667 000	1 612 331	-3%	-3%
Prepaid Conversions	500 000	500 000	995 809	50%	50%
20MVA; 66/11kV Transformer	1 200 000	1 200 000	976 163	-23%	-23%
Upgr Workshop S/S	200 000	200 000	140 785	-42%	-42%
Sedgef Island LV Cables	1 000 000	1 000 000	864 569	-16%	-16%
Sedgef East S/S Build Upgr	100 000	100 000	30 500	-228%	-228%
300mm2*3cu Cable Sedge intake-Sedge East	900 000	900 000	-	-	-
Analogue repeaters&radios to digital	600 000	600 000	599 898	0%	0%
CBD-Traffic Warning Lights(Pedestrian crossing)	25 000	25 000	25 000	0%	0%
Elec Nothern areas (INEP)	1 754 000	1 754 000	713 593	-146%	-146%
Vehicle replacement	470 000	470 000	213 449	-120%	-120%
Total of Sundry Projects	475 000	575 000	361 509	-59%	-31%
Housing	18 000 000	25 807 000	9 594 449	-169%	-88%
Electrification Connec(INEP)	-	-	341 828	100%	100%
Knysna Vision 2002 (Infr) (IHHS)	18 000 000	25 807 000	9 252 621	-179%	-95%
Refuse removal	3 173 000	1 743 000	397 964	-338%	-697%
Purchase of Wheelie bins		400 000	397 964	-1%	-1%

	400 000				
Est Waste Facilities		-	-	-	-
	830 000				
Upgr Transfer Station		-	-	-	-
	600 000				
Vehicle replacement		1 343 000	-	-	-
	1 343 000				
Road Services	3 224 000	5 166 000	1 610 465	-221%	-100%
MIG195749 L/I S/Walks		1 354 000	1 303 785	-4%	-35%
	1 754 000				
N2-Nekkies Traffic Circle (T&PW)		2 342 000	230 774	-915%	100%
	-				
Public Works Restroom		250 000	75 906	-229%	-229%
	250 000				
Vehicle replacement		1 220 000	-	-	-
	1 220 000				
Stormwater		2 694 000	1 113 323	-142%	10%
	1 000 000				
Upgrade Stormwater Infrastructure		-	-	-	-
	1 000 000				
Upgrade Bigai Stream: Hornlee		877 000	86 674	-912%	100%
	-				
MIG226961 Rheenendal Budget Maintenance		1 332 000	656 367	-103%	100%
	-				
Upgr roads and stormwater:Prof fees		485 000	370 282	-31%	100%
	-				
Economic development		500 000	518 350	4%	52%
	250 000				
Informal trading stalls construction		500 000	518 350	4%	52%
	250 000				
Libraries; Archives; Museums; Galleries; Community Facilities; Other	4 379 000	5 314 000	6 224 609	0	30%
MIG183223 MPC Rheenendal		46 000	28 748	-60%	-6321%
	1 846 000				
MIG203385 MPC Smutsville		4 623 000	4 996 734	7%	58%
	2 101 000				
MIG148628(Prov) Lib Furniture		75 000	64 733	-16%	100%
	-				
Khayaletu:Book Detection system		132 000	130 503	-1%	-1%
	132 000				
Total of Sundry Projects		438 000	1 003 892	56%	70%
	300 000				
Cemeteries		220 000	88 655	-148%	-182%

	250 000				
New Cemetery Knysna	250 000	150 000	20 285	-639%	-1132%
Sedgefield Cemetery	-	70 000	68 370	-2%	100%
Bio-Diversity; Landscape and Other	670 000	670 000	687 000	2%	2%
Vehicle replacements	670 000	670 000	687 000	2%	2%
Sport and Recreation	470 000	1 090 300	1 013 678	-8%	54%
Hornlee Upgrade existing sportsfield	400 000	400 000	371 199	-8%	-8%
Belv-Refurb mun tennis courts	70 000	70 000	100 000	30%	30%
Damsebos- Upgr existing sportsfield	-	620 300	542 479	-14%	100%
Fire Services	-	600 000.00	492 849.02	-22%	100%
Upgrade Fire Station	-	600 000.00	492 849.02	-22%	100%
Traffic Safety	350 000.00	350 000.00	164 960.00	-112%	-112%
Vehicle replacements	350 000.00	350 000.00	-	-	-
Total of Sundry Projects	-	-	164 960.00	100%	100%
Executive and Council	2 090 000.00	2 010 000.00	1 568 025.81	-28%	-33%
Refurbish/Upgrade municipal buildings	-	220 000.00	219 319.63	0%	100%
Ward Projects	2 000 000.00	1 700 000.00	1 249 497.17	-36%	-60%
Program Office Furniture and Equipment	90 000.00	90 000.00	80 809.01	-11%	-11%
Total of Sundry Projects	-	-	18 400.00	100%	100%
Financial Services	437 500.00	462 500.00	2 208 059.12	79%	80%
Repl leaking roofs Finance building	237 500.00	237 500.00	239 820.74	1%	1%
Upgr Sedge Finance building	125 000.00	125 000.00	123 299.25	-1%	-1%
Program Office Furniture and Computer Equipment	75 000.00	100 000.00	310 473.75	68%	76%

Appendices

Total of Sundry Projects	-	-	1 534 465.38	100%	100%
ICT Services	425 000	1 065 000	950 623	-12%	55%
Program Computer Equipment	425 000	625 000	760 665	18%	44%
Generator: Finance Building	-	250 000	-	-	-
Vehicle replacements	-	190 000	189 958	0%	100%
Other (Administration)	550 000	1 052 500	995 496	-6%	45%
Program Tools & Equipment	300 000	757 000	638 078	-19%	53%
Program Office Furniture	130 000	175 500	156 566	-12%	17%
Program Small Plant	60 000	38 000	122 652	69%	51%
Program Air Conditioning	30 000	30 000	36 547	18%	18%
Buffelskop C/Park: Wendy house	30 000	52 000	41 654	-25%	28%
	70 173 500	89 134 300	61 788 218	-44%	-14%
<i>T N</i>					

APPENDIX I – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

Outcome/Output (National Outcome)	Progress to Date		
	Total Performance Indicators	Number Achieved	Percentage Not Achieved
A better South Africa, a better Africa and world	1	1	0
A development-orientated public service and inclusive citizenship	6	5	17
A responsive and accountable, effective and efficient local government system	13	8	38
A skilled and capable workforce to support inclusive growth	3	2	33
An effective, competitive and responsive economic infrastructure network	6	4	33
Decent employment through inclusive economic growth	1	1	0
Improve health and life expectancy	1	0	100
Improve the quality of basic education	0	0	-
Protection and enhancement of environmental assets and natural resources	6	5	17
Sustainable human settlements and improved quality of household life	10	5	50
Vibrant, equitable and sustainable rural communities and food security	3	3	0
Total	50	34	32

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.

Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated	Set out municipal goals and development plans.

Development Plan (IDP)	
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a

	specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

VOLUME II: ANNUAL FINANCIAL STATEMENTS

KNYSNA

MUNICIPALITY

[Audited financial statements.]

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2015